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NEWS SUMMARY

GENERAL

UK 'not told' of nerve gas plan

A U.S. Defence Department panel has recommended that if the U.S. resumes nerve-gas production the bulk of it should be stored in the UK for use in any possible European war, U.S. officials said.

The Pentagon was thrown into confusion by the leaking of a highly-classified report on the matter. UK diplomats in Washington insisted the British Government had not been informed of the possible deployment of the gas and the Ministry of Defence said it had not been approached. Back Page

Ship sinking

An attempt was underway last night to save the crew of the Italian ship Marina de Equa, sinking 350 miles off Land's End.

Typhoon toll

The Philippines proclaimed a state of calamity in four provinces to restrict hoarders and profiteers after Typhoon Lee left at least 137 dead, 782 injured, 11,000 families homeless and damage estimated at £5.9m.

Petrol price cut

Sweeping cuts in petrol prices—to below £1.55 in some areas—have been caused by an oil industry battle for sales. Back Page

House price curb

House prices rose this year by the smallest amount since 1974, Anglia Building Society said. Page 4

Handshake row

Golden handshakes of more than £75,000 should be policed by a watch-dog body, a Tory MP said in reaction to Lord Grade's £700,000 settlement on Mr Jack Gill. Back Page

Donovan inquiry

A special prosecutor was appointed to investigate whether U.S. Labour Secretary Raymond Donovan sanctioned illegal payments as a private businessman in 1977.

Mubarak test

Polls closed last night in three parliamentary by-elections in the Nile Delta, seen as a test of Egyptian President Hosni Mubarak's leadership. Sadat trial lawyers walk out, Page 2

Car of the year

France's Renault 9 was voted car of the year by 40 of 52 motoring writers from 16 countries. It was followed by West Germany's Opel Ascona and Volkswagen Polo.

Bear hunt ends

The hunt for a brown bear over Hackney Marshes, East London, was called off after no sign of the animal was found. But police said there had been no hoax.

Dutch envoy

Jonkheer Jan Huydecoper van Nigtevecht, 59, was named The Netherlands' next ambassador to Britain.

Fog, floods, snow

Though the thaw continued, parts of Britain were covered by thick fog, floods and more snow. Weather, Back Page

Briefly . . .

India will open a nine-month festival of art, science and technology in the UK on March 22.

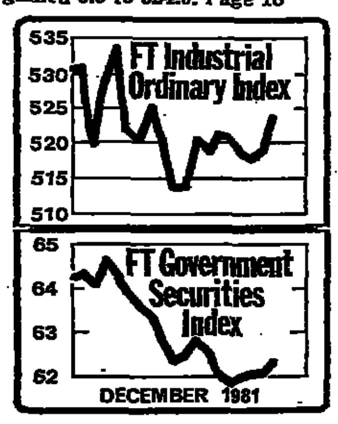
Baron Boyle of Handsworth left estate valued at £173,932 net.

Yugoslav writer Miroslav Krleza, 88, died in Zagreb.

BUSINESS

Equities up 5.9; $9.5 fall for gold

● EQUITIES resumed firmly, aided by year-end considerations. The FT 30-share index gained 5.9 to 524.0. Page 18



● GILTS attracted institutional demand. The Government Securities index added 0.31 to 62.37. Page 18

● GOLD fell $9.5 in London to $394.5. In New York the Comex January close was $395.1. Page 13

● STERLING at $1.8910 was unchanged from the New York close on Monday but up 10 points on the Christmas Eve London fixing. It fell to DM 4.2950 (DM 4.30 last Thursday) and to FFr 10.8550 (FFr 10.8750) but rose to Y419.75 (Y416.50). Its trade-weighted index was 90.5 (90.6). Page 13

● DOLLAR closed at DM 2.2710 (DM 2.27 New York Monday and DM 2.2795 London Thursday), SwFr 1.8050 (SwFr 1.8090 and SwFr 1.8175), and Y222 (Y222.60 and Y220.85). Its trade-weighted index was steady at 107.7. Page 13

● WALL STREET was off 1.05 at 869.29 near the close. Page 16

● FORD UNIONS are set to concede some efficiency demands but a strike from January 5 is still in prospect. Page 6

● BL says the downward trend in its UK car sales has halted permanently. Page 6; Upturn in French car output, Page 3

● BP ENERGY-SAVING measures will cost £75m in the next three years. Page 6

● PORTUGUESE PETROL and oil product prices were increased by up to 25 per cent from midnight because of rising costs and the strength of the dollar.

● WEST GERMAN inflation will reach 5.9 per cent for 1981, the highest since 1975, but there are signs the rate is slowing. Page 2

● LATIN AMERICAN growth rate of 1.2 per cent for 1981 was the worst for 35 years, UN figures show. Inflation averaged 60 per cent. Page 3

● CONSTRUCTION COSTS for big civil engineering works have not been as low in real terms for several years, a chartered surveyors' study shows. Page 4

● ELECTRICAL contracting industry agreed to pay rises of just less than 10 per cent over nine months, but apprentices' rates will be frozen. Page 6

● INDIAN FOODGRAIN and commercial crop yields should reach record levels this year, its Agriculture Minister said. Page 17

● SEARS HOLDINGS has sold its U.S. laundry business to Initial Services for $22m (£11.63m). Back Page

● ROYAL INSURANCE will transfer its life and pensions business to a new subsidiary from January 1. Page 12

● VECTIS STONE, the Isle of Wight fuel distribution and building group, improved taxable profits from £815,000 to £873,000 in the year to September 30. Page 12

Train drivers set for two-day strike and a ban on overtime

BY PHILIP BASSETT, LABOUR STAFF

THE 27,000 members of the Associated Society of Locomotive Engineers and Firemen (Aslef) which represents 98 per cent of Britain's train drivers, are being instructed to strike on January 13 and 14 and to ban all voluntary overtime from next Monday.

Leaders of the union warned after an emergency meeting of its executive yesterday that the dispute could become an all-out strike if British Rail continued to refuse the 3 per cent second stage of this year's pay deal or to implement an hour's reduction in the working week. BR has taken this action because of slow progress in productivity talks.

Despite the threat of disruption, BR yesterday gave little indication of shifting its ground. In a hard-line response, BR condemned the decision to call for a strike which would cause "serious damage to our business prospects." BR is already set to lose £140m this year.

Officials of the Advisory, Conciliation and Arbitration Service contacted Aslef and BR after the union's decision, but no meeting has been arranged. Acas will remain in touch with both sides, and if there is a basis for talks, invitations will be issued. Last week Aslef refused to attend talks on the issue with Acas.

The action, announced after a four-hour meeting, is timed to cause maximum disruption, because trains would be likely to halt early the night before the strike, and would be out of place on the day after—so spreading the disruption throughout the week.

Some executive members pressed for an immediate all-out strike, while others urged an initial three-day stoppage to be followed by a series of one-day strikes.

The effect of the ban on voluntary overtime and rest-day working will be cumulative, and is unlikely to be felt much before the end of next week.

Its effects are likely to differ from area to area, depending on the number of drivers available. Rostered overtime working, for which drivers are given advance notice, will not be affected.

Aslef leaders said that voluntary overtime kept the railways going for much of the time. About 10 per cent of drivers' total hours a week is overtime.

Banning rest-day working could have a greater effect in some areas—particularly on Southern Region. The railways work a five-day week, spread over six days, giving rest days off spread over the week, according to work rotas. Working Sundays count as overtime.

Mr Ray Buckton, Aslef general secretary, said after the executive meeting: "This is only the initial action. It could become an all-out strike, the way things are going."

The second stage of this year's 11 per cent deal, and an hour's reduction in the working week, was due to be implemented on January 4, and will be in the case of BR's two other unions.

Aslef is refusing to accept flexible work arrangements, which would mean its members working between seven and nine hours a day depending on traffic, instead of the present eight-hour day.

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Collision course over rail productivity, Page 6

Poland's Deputy Premier to see Genscher in Bonn

BY JONATHAN CARR IN BONN AND ANTHONY ROBINSON IN LONDON

Mr Mieczyslaw Rakowski, Poland's Deputy Prime Minister, will arrive in Bonn this morning for talks with Herr Hans-Dietrich Genscher, the West German Foreign Minister.

It will be the first direct contact between a Polish and a Western Minister since the Polish leader, Gen Jaruzelski, declared a state of emergency and imposed martial law 17 days ago. Today's meeting is said to have been proposed by Warsaw.

Herr Genscher is expected to stress to Mr Rakowski the need for an early lifting of the state of emergency and the release of detainees.

He is also expected to note that, while the Polish Government has said it is ready in principle to permit continuation of economic and social reforms, deeds must now follow words.

Mr Rakowski, who is personally well-known to the West German Government, had long talks with Mr Lech Walesa, leader of Solidarity, this summer.

Bonn will thus expect to be given a clearer picture of the Polish Government's intentions and of the present position of Mr Walesa.

Herr Genscher is the senior member of the West German Government currently in Bonn; Chancellor Helmut Schmidt is on holiday in Florida.

Mr Rakowski is expected to plead for Western understanding of the military government's motives. He will try to dissuade West Germany and other Western countries from joining the sort of trade and other restrictions demanded by President Reagan.

The U.S. President is expected soon to announce new economic sanctions against the Soviet Union. These are expected to include fresh restrictions on the export of U.S. computers, oil and gas-related equipment and other high-technology goods but not a re-imposition of the grain embargo.

This was imposed by President Carter after the Soviet invasion of Afghanistan but later rescinded by President Reagan on the grounds that it hurt American farmers more than it did the Russains.

The West Germans have made it clear that no new state economic aid—apart from food aid—will be granted to Warsaw "so long as the repressive measures there persist."

Government officials say, however, that Bonn does not see Gen. Jaruzelski simply as the "long arm" of the Soviet Union. They stress that, so long as there is still a hope that the Polish leader may find a balance—with the help of the Church—between elements of the Communist Party, the Army and Solidarity, tougher sanctions should not be imposed.

It is underlined that a failure of Gen. Jaruzelski's efforts would almost certainly mean direct Soviet military intervention.

Herr Genscher is said to be disappointed that a meeting planned to be held in London today between EEC Foreign

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Moscow backs purge of Polish party, Page 12

U.S. curb on shipping may end

BY IAN HARGREAVES IN NEW YORK AND ANDREW FISHER IN LONDON

PRESIDENT Ronald Reagan has decided to back legislation which would free international shipping lines from U.S. anti-trust curbs and allow them to agree rates between themselves without fear of prosecution.

The decision, long sought by world shipping companies, was announced yesterday by the office of Mr Drew Lewis, Transport Secretary and Mr Reagan's spokesman on shipping matters.

It should end the long and acrimonious row between shipping and trade authorities in the U.S., Europe and Japan. European Governments have claimed that the U.S. is trying to enforce its anti-trust policies outside its own boundaries.

"This sounds like a considerable move in the right direction," Mr Bill Slater, managing director of Cunard and a director of Atlantic Container Line, said last night. Atlantic Container Line is a consortium which accounts for about 30 per cent of cargo trade across the North Atlantic.

Mr Bruce Farthing, deputy director-general of the General Council of British Shipping, said: "This is something we have been fighting and arguing for over the last 10 to 15 years. It is a major step forward."

During the Carter Administration the shipping dispute with Washington led to fines of more than $6m being imposed on European and U.S. shipping companies and executives.

The companies agreed two months ago on a $51.4m settlement that of the subsequent civil case in the U.S., saying they believed that rigid views in Washington towards the shipping industry were easing.

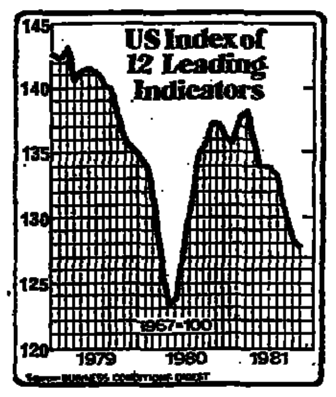
Atlantic Container Line, which is about to embark on a £150m ordering programme for new ships, stands to pay out a large slice of this, but said it had not admitted allegations in the civil complaint.

The basis of the position endorsed by Mr Reagan is that shipping conferences should be granted full and unequivocal immunity from the provisions of the Sherman anti-trust Act and later judgments eroding their immunity. Instead, shipping would be governed by the more tolerant 1916 Shipping Act, as modified in Congress.

Shipping companies in the North Atlantic and Pacific coast trades would thus, for the first time in many years, be free to agree rates among themselves without fear of prosecution by the U.S. authorities.

Mr Reagan's endorsement means that the U.S. Justice Department, which opposes granting of anti-trust immunity to shipowners, has lost its argument in the Administration. It will be free to pursue various legal assaults on the emerging policy trend.

These moves will be quashed if Congress succeeds in agreeing the shape of a shipping regulation Bill. A Senate Bill is due to be marked up, or put into final draft, in February. The House of Representatives is dealing with the subject in committee.



Indicators fuel hopes of U.S. recovery

By David Lascelles in New York

THE U.S. INDEX of leading economic indicators fell only 0.3 per cent last month, its smallest drop since July, suggesting that the U.S. economy's slide into recession might be slowing down.

In September and October, when the recession started, the index, compiled by the Commerce Department, fell 2.1 per cent and 1.6 per cent respectively.

The index is designed to give advance notice of changes in the pace of U.S. economic activity. It generally turns upwards a few months before the start of a recovery.

The November decline, which was slightly smaller than had been generally expected, was taken by the more bullish observers in the U.S. as a sign that the U.S. economy might pull out of recession in the first quarter of 1982. But others maintain that the index must show a gain before a recovery can be predicted confidently.

The economic features of the index which were weakest in November included labour, new orders, sales, materials prices and liquid assets. But four showed strength: orders for plant and equipment, building permits, stock prices and the money supply.

Of these the recent surge in the money supply has been the most dramatic, with M-1B, the basic measure, rising in four of the last six weeks.

The Federal Reserve Board decided at its November policy-making meeting to allow faster growth in the money supply in the final months of this year to compensate for its earlier decline, it was announced on Monday. The latest figures show M1-B growing at around the 7 per cent target set for it in the final quarter.

But although an early economic recovery would be welcome for many political and social reasons, it might be viewed with concern in some quarters as the trigger for another upward jump in inflation and interest rates.

Aluminium plant closure will cost 890 Scottish jobs

BY MARK MEREDITH AND ROY HODSON

BRITISH ALUMINIUM is closing its smelter at Invergordon in the Scottish Highlands tomorrow with the loss of 890 jobs.

The closure by one of the Highlands' main employers, is a major blow for the region and could indirectly affect a further 600 jobs. This could raise unemployment in the area on the Moray Firth from 14 per cent to over 20 per cent, according to one official estimate.

Last night British Rail Scotland said BR would immediately lose £500,000 a year from the Invergordon closure and more losses could follow. "This will seriously undermine freight services in an area which is difficult enough to sustain. Savings to compensate for this very heavy loss must be made," BR said.

Mr Ronnie Utiger, chairman of British Aluminium, yesterday blamed the closure squarely upon high power costs.

A special power contract arranged with the Government for supplies to Invergordon had not prevented the imposition of a series of electricity price increases which meant that the smelter had become uncompetitive with aluminium producers in other countries, he said.

Mr George Younger, the Secretary of State for Scotland, said the closure was a profound disaster for the area and its impact was at least as serious for Invergordon as the closure of the Talbot car works earlier this year was for Linwood.

British Aluminium said that continued operation of the smelter at Invergordon would have threatened the whole of British Aluminium group with 2,700 other employees in Scotland and 4,500 elsewhere in the UK.

The group's losses of £9m in the first half had continued in the second half which ends tomorrow, he said. Mr Dick Charles, the company's managing director

The closure has meant an out of court settlement of a legal dispute about lectric power for the smelter from the Hunterston B nuclear power station in the south-west of Scotland.

The company had contributed to the establishment of the Hunterston B station and had agreed to pay a proportion of the station's running costs in return for receiving electric power at a cheap rate.

Following delays in bringing Hunterston B on stream the Government had to subsidise the Electricity Board for providing cheap power to Invergordon, which had been generated more expensively at power stations elsewhere.

With the closure British Aluminium has terminated the contract under which it would have received cheap power up to the year 2000. It has sold back the residual rights to the cheap power to the Electricity Board to settle £47m in disputed running costs at Hunterston and to pay back low-interest made to the company by the Government for its original contribution to the construction of the power station.

The amount outstanding on these loans at December 31 last was just under £34m. The Scottish Office said yesterday that government subsidies to the electricity board in respect of providing cheap power to Invergordon have totalled £113m to date and have been running at £8m a year.

Mr Younger said yesterday that to ease the smelter's losses by providing even cheaper power could have involved annual government subsidies of some £16m.

Part of the agreement with the Government has involved British Aluminium paying improved redundancy terms, to its workers because of the sudden closure. The company is also to keep the plant in running order for six months to see if a buyer could be found, although the company thought this was unlikely.

Mr Younger said the Scottish Office would give the Highlands and Islands Development Board £10m to encourage new employment in the Invergordon area.

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OFT bans pact on aluminium ingot prices, Page 6

£ in New York

—	Dec. 28	previous
Spot	$1.8900-8920	$1.8870-8920
1 month	0.31-0.25 dis	0.31-0.21 dis
3 months	0.83-0.74 dis	0.79-0.69 dis
12 months	1.40-1.20 dis	1.10-0.90 dis

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Funding 5½pc 1982-84	£87½	+ ½
Treas. 2pc I.L. 2006	£89½	+ ½
Belhaven Brewery	25	+ 3
Black (P.)	218	+ 6
British Aluminium	48	+ 3
Callender (G. M.)	80	+ 24
Chubb	106	+ 7
Croda Int.	78	+ 3
Debenhams	71	+ 4
Eucalyptus Pulp	213	+ 8
GEC	825	+ 8
Glaxo	420	+ 8
Headlam Sims	64	+ 4
ICI	286	+ 6
Imperial Group	73	+ 3
Intasun	96	+ 3
Jardine Matheson	191	+ 16
Lotus Car	26	+ 5
Milford Docks	143	+ 5
Plessey	360	+ 5
Priest (Ben.)	40	+ 5½
Quest Auto.	125	+ 10
Rowntree Mackintosh	164	+ 8
Royal Worcester	195	+ 5
Sears	54	+ 5
Second City Props.	58	+ 4
Tube Invs.	120	+ 4
Vectis Stone	28	+ 4
BP	318	+ 8
Candecca	219	+ 9
Carless Capel	168	+ 8
Shell Transport	400	+ 8

FALLS

Bank of Scotland	515	− 15
Allstate Exploration	28	− 6
Cons. Gold Fields	485	− 10
Durban Deep	924	− 54
Poseidon	163	− 7

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EUROPEAN NEWS

Moscow signals backing for purge

BY OUR MOSCOW CORRESPONDENT

PRAVDA, the Soviet Communist Party newspaper, yesterday signalled clearly its backing for a purge in the Polish party in an article that spoke of the need for it to strengthen its "combat ranks."

In a report from Warsaw, the newspaper's correspondent said Polish Communists to whom he had spoken had acknowledged that the 18 months of political upheaval in Poland and the growth of the Solidarity union had created problems within the party.

Pravda quoted them as saying: "It is known that not all of its [the party's] members and organisations have passed the difficult examination of acute political struggle."

It added: "The restoration and strengthening of the party's combat ranks and the heightening of its offensive potential and its influence on the activities of collectives and society at large are among the tasks that must be accomplished by the Polish United Workers Party (the Communist Party)."

Analysts see publication of the article as a clear hint that Moscow favours a purge within the Polish party ranks that will rid it of what the Kremlin has denounced as "*revisionist elements*." Moscow appears to believe that the Polish party will be able to rebuild a leading role in society, capable eventually of taking over from the military, if moderates and reformists are removed.

Internal politics sharpen attitudes in France

BY DAVID WHITE IN PARIS

THE French Government has progressively toughened its stance on the Polish crisis. M Pierre Mauroy, the Prime Minister, condemning the military crackdown in a speech to the National Assembly before Christmas, said Soviet involvement in Poland was "a reality." France recognised, however, that the "current type of oppression" was not the same as direct foreign intervention.

French ambassadors in Eastern Europe had already been issued instructions to press from the immediate freeing of detainees, on the principle that non-interference should not be tantamount to indifference towards human rights.

The crisis has provoked intense public interest in France and Christmas celebrations were marked by a series of Polish Masses. This partly reflects traditional enthusiasm for such causes and longstanding French links with Poland, but also the domestic political situation, with Communist ministers

The ministers had to toe the government line—a long way from the initial policy of the French Communist Party, which maintained that any initiative on Poland would only make matters worse. The party, which has dragged its union allies into a fierce internal row on the issue, has since changed *its stance with a letter from M* Georges Marchais, the French Communist chief, to Gen Wojciech Jaruzelski, the Polish leader, "regretting" the state of emergency and asking for a restoration of civil liberties.

U.S. unions call for sanctions

BY DAVID BUCHAN IN WASHINGTON

THE AFL-CIO federation which groups most U.S. unions, has added its voice to calls by Polish-American organisations and politicians for President Ronald Reagan to take stern sanctions against the Soviet Union and the Polish Government.

At the same time, a senior administration official has warned of "an adverse reaction" in U.S. public opinion, if European allies fail to take action together with the U.S. However, he added there was a "more sophisticated" awareness inside the Administration that the U.S. could afford to take more far reaching action, since it was far *from the Soviet Union and had* not the economic and political links developed by some European nations with Moscow.

At a congressional hearing this week on compliance with the Helsinki human rights accords, the AFL-CIO called for sweeping sanctions, adding: "We must make it clear to our European allies that we expect them to share the burden."

Specifically, it proposed calling in the balance of Poland's debt, suspending all credits to the Soviet Union and Eastern Europe, halting grain shipments, suspending U.S. participation in the Siberian gas pipeline, tighter controls on U.S. industrial sales, publication of U.S. satellite pictures of detention camps in Poland and increased broadcasts into that country.

The International Longshoremen's Association, to which *most U.S. dockers belong*, is already refusing to load ships bound for Poland.

Relations between the AFL-CIO and the Reagan White House have been aggravated this year by the air controllers' strike and have not been good. But President Reagan has kept in close touch over the Polish crisis with Mr Lane Kirkland, leader of the AFL-CIO, whose advice on the need to monitor food shipments to Poland has been taken by the White House.

The federation has sought to give the Solidarity movement moral and some financial support over the past 18 months.

Like the Administration, the Polish-American community is "concerned with the two horns of the present dilemma," the senior official said. This was to ensure that the Polish people "do not starve, without giving any succour to the Polish dictatorship."

There has been a big response to appeals by U.S. charities for food and clothing to go to Poland.

Spectre of government crisis returns to haunt Italy

BY RUPERT CORNWELL IN ROME

THE SHADOW of another Government crisis is looming *larger over the six-month-old* Administration headed by Sig Giovanni Spadolini, Italy's first non-Christian Democrat Prime Minister in 35 years.

Sig Spadolini yesterday used the Premier's traditional year-end news conference to defend vigorously his Government's record, particularly in the economic field. But he did nothing to dispel fears that his squabbling five-party coalition may fall—possibly before the end of January.

The threat to Sig Spadolini, leader of the small Republican Party, comes from the Social Democrats and above all from the Socialists. The latter no longer conceal their belief that the moment is at hand for Sig Bettino Craxi, their leader, to *launch his long-awaited bid for* the prime ministership—even if the result should be deadlock and a spring general election, more than two years early.

Reinforcing the two parties' determination is their conviction that they would stand to gain at elections, at the expense of both the Christian Democrats, who are still in deep disarray, and the Communists, who are profoundly embarrassed by the repercussions of events in Poland.

Only last night, after a week's delay caused by internal divisions, did the West's largest Communist party produce its definitive statement on Poland. Although the document reiterated the party's condemnation of the military takeover, *which it called a "blow to the* cause of Socialism," the long delay has given the Socialists ample opportunity to step up their attacks, accusing the Communists of being unable ultimately to burn their bridges with Moscow.

This domestic anti-Communist campaign is also widely held to explain the exceptionally hard line which Socialists and Social Democrats are adopting towards the Soviet Union, most notably the demand that Italy should drop plans to participate in the trans-Siberian gas pipeline scheme.

Although several ministers, the unions and industry leaders have made clear their support for going ahead with imports of Soviet gas, Sig Spadolini yesterday admitted that the Government, in effect, has temporarily frozen negotiations

He insisted, however, that whether Italy joined France and West Germany in participating in the project was a separate issue from the more than $2bn-worth of orders won by Italian companies to supply equipment

The Government has also come under similar heavy sniping from within the ranks of its supposed supporters both over its alleged failure to treat terrorism seriously enough (as evidenced by the kidnap of General James Dozier by the Red Brigades) and over curbs on public spending.

The Prime Minister again declared that the ceiling on next year's public sector borrowing requiremtn of L50,000bn (£21.8bn) must be maintained, even if this meant new unpleasant measures.

In this tense climate, tactical considerations have become paramount. The Socialists' principal problem is to find an issue to justify breaking with Sig Spadolini, who has won unusual public popularity. The Christian Democrats' main concern is to avoid an early election, which might interfere with efforts to create a new image for the party. For that reason some of their number feel that Sig Craxi might be given the poisoned chalice of Prime Ministership before an election.

SWISS BULLION MOVE

Zurich tries to recover lost gold business

BY DAVID MARSH

THE Swiss Government's Christmas move to tempt central banks' gold business back to Zurich is only the latest shot in a long-running battle with the London market for supremacy in world-wide bullion trading. The signs during the past 12 months have been that the London bullion dealers — with the discreet assistance of the Bank of England — have been winning.

By persuading the Swiss Finance Ministry, after months of controversy, to exempt central bank transactions from Switzerland's gold turnover tax, the bankers in the Bahnhofstrasse hope to make a start towards tipping the scales back again in their favour.

The tax — 5.6 per cent on physical transactions, although it goes up to 6.2 per cent from January 1 — has been in force for just under two years. Swiss bankers warned when it was introduced that the tax would divert business to London and other competing centres like Luxembourg, New York and Tokyo.

This is exactly what has happened. Herr Robert Studer, general manager at the Union Bank of Switzerland, complained at a news conference this autumn that the tax had helped depress Swiss banks' physical gold business to only a fraction of last year's level.

At the same time, South *Africa and the Soviet Union*, the two big gold producers which favoured Zurich as their main bullion sales outlet during the 1970s, have begun to deliver larger amounts through London and other centres this year.

A wide range of central banks has started to favour the tax-free London market as the best place to hold their gold stocks. Around two dozen central banks and government institutions — mainly from developing countries and the Communist bloc, but also including some of the smaller industrialised nations — have become active both buying and selling during the past two years.

Such institutions prefer to hold their gold in vaults of impeccable security. They have not been too pleased with the alternative offered by the Swiss banks of tax-free storage space in bonded warehouses at Zurich airport.

Central banks from credit-hungry developing nations, including Communist countries like Romania, have found themselves liable to tax on gold brought into Switzerland for collateral against bank loans.

This has led to a decline in such business and renewed complaints by the Swiss banks. The Swiss exchequer, too, has failed to benefit. Because of the drop in transactions (itself partly caused by the lower gold price this year), the gold tax is expected to yield this year no more than around SwFr 50m (£14.7m) against SwFr 80m (£23.5m) in 1980.

One of the main victors of the tussle has been the Bank of England. It acts as the warehouse for gold brought to London by the biggest producer, South Africa, and provides storage facilities for other central banks doing business in the City.

"Without the helping hand from the Bank, the London bullion dealers could never be so competitive," was the grudging comment from one Swiss gold banker yesterday.

London's monopoly position as seller of South African bullion ended with the gold crisis of March 1968, when the London market closed for two weeks but Zurich stayed open. Switzerland made further inroads at the end of the 1960s when Pretoria withheld bullion from the UK in protest over the then Labour Government's arms embargo.

In the early 1970s, the Russians started making large deliveries through Zurich after a spate of scares about lax security for gold flown into Heathrow Airport. Since then, London has tried to claw back business by impressing security-conscious customers that the City can be as anonymous a place as Zurich.

W. German inflation rate worst since 1975

By Stewart Fleming in Frankfurt

WEST Germany's rate of inflation this year hit its highest level since 1975, the Federal Statistical Office reported yesterday. But signs are increasing that it is slowing.

With its official cost of living data for December showing a 6.3 per cent rise over a year ago, the Government also reported that for the whole of 1981, the cost of living rose by 5.9 per cent, compared with 5.5 per cent in 1980. In 1975 the cost of living index increased by 6 per cent.

A further decline in the rate of inflation is one factor which will help to nudge short-term interest rates down again. Yesterday the Bundesbank again underlined its desire to keep the banking sector well supplied with liquidity by announcing a new round of repurchase agreements.

The bank's room for manoeuvre on monetary policy has been expanded by the sharp improvement in the current account trend which has led many economists to predict a surplus next year.

The Economics Ministry, along with other forecasters, expects renewed real economic growth in 1982 of 1.5-2 per cent, after a 0.5 per cent decline in 1981. But the timing remains uncertain, and there is little doubt that the first half of the year will be marked by continued economic problems.

Kevin Done adds: Energy consumption has fallen by 5 per cent in West Germany this year, chiefly as a result of falling economic activity and improved efficiency in energy use, according to provisional figures from an industry working party.

Increased use of coal, particularly for electricity generation, has also helped to reduce the country's considerable dependence on oil. Oil consumption dropped by 11 per cent in 1981 and the share of oil in overall fuel demand was cut to 44.5 per cent compared with 47.6 per cent in 1980 and 50.7 per cent the year before.

The cut in oil demand has been achieved through substitution by other fuels as well as through improved energy conservation and as a result of the weak economy

OVERSEAS NEWS

Sadat trial lawyers walk out

BY ANTHONY McDERMOTT IN CAIRO

THE TEAM of 20 lawyers defending the 24 men accused of assassinating former President Anwar Sadat and plotting to set up an Islamic republic withdrew yesterday from the case in protest against the way the military court was conducting hearings.

The court fined the lawyers E£50 (about £30) each and dismissed them for walking out. It has decided to appoint replacements as Egyptian law demands that all those on trial must be defended.

Mr Sadat was killed at a military parade here on October 6. The trial opened on November 21, but only two of its hearings have been in public.

The lawyers yesterday deposited a letter with President Hosni Mubarak outlining their objections. In a statement to journalists, Mr Abdel-Halim Ramadin, the lawyer defending Lieutenant Khaled Islambouli, charged with leading the assassination squad, said the court was not being conducted according to Sharia, or Islamic law.

The lawyers had called for a religious expert, a member of the People's Assembly, and others to testify that Mr Sadat's regime was corrupt, that he was not a true Moslem, and that this justified his assassination, he said.

He complained that the defence, unlike the prosecution, had not been permitted to call witnesses, including Mrs Jihan Sadat, the late President's widow, Mr Ismail Fahmi, a former Foreign Minister, and Mr Mohammed Hasanein Heykal, the Arab world's leading journalist. Above all, Mr Ramadan complained that the court was being conducted in secret.

The court has been adjourned until January 5, while new lawyers are being sought.

Reuter adds from Cairo: Egyptians voted yesterday in three parliamentary by-elections regarded as a test of President Hosni Mubarak's new style. Opposition leaders saw the elections as the first test of his pledge to treat the opposition fairly and to avoid the rigging they say has characterised previous polls.

Mrs Sadat . . . wanted as defence witness

Iraq plans five new oilfields to boost capacity by 2m b/d

BY PATRICK COCKBURN

IRAQ PLANS to develop five new oilfields that could eventually add about 2m barrels a day (b/d) to the country's production capacity, according to Mr Tayeh Abdel-Karim, the Iraqi Oil Minister.

He said in an interview with the authoritative newsletter Middle East Economic Survey that Iraq will conclude contracts to help with oilfield development with Agip and ENI of Italy, Petrobras of Brazil, Compagnie Francaise des Petroles and Total of France, and the Soviet Union.

Before the start of the war with Iran, Iraq's production capacity was put at 4m b/d and its output peaked at 3.48m b/d in 1979.

Because of the destruction of Iraq's export terminals on the Gulf the country's exports are now 600,000 b/d according to Mr Adbel-Mouneim Samarrai, the Iraqi Deputy Oil Minister. Iraq consumes 350,000 b/d of refined products, much of which is imported because "many refineries have been damaged and their output halted by enemy attacks," he said.

Iraq plans to increase its exports to 1.3m b/d, Mr Tayeh *Abdel-Karim says. It has just* started to use the Lebanese oil terminal at Tripoli after an interruption of six years. In the past Iraq has given priority to its government-sponsored customers in Italy and France, to whom it was a major supplier before the war with Iran.

The country has now reached agreement on 1982 contracts with Ashland Oil for 30,000 b/d *and Mobil for 60,000 b/d* according to Mees. Shell and BP are still negotiating.

The financial strain of continuing the war with Iran and funding its development programme has made Baghdad very eager to increase its oil revenues.

Mr Tayeh Abdel-Karim says that the Saudi Arabian Council of Ministers has approved a plan for Iraq to build a pipe*line across Saudi Arabia* to the Red Sea and Mobil has completed a feasibility study

U.S. Senator rebuffs Israeli overtures

BY OUR TEL AVIV CORRESPONDENT

ISRAELI attempts to ease the acute strain in relations with the U.S. were rebuffed yesterday by Mr Charles Percy, chairman of the Senate Foreign Relations Committee.

The most prominent American to visit Israel since its annexation declined to overfly the occupied Golan Heights and the West Bank and refused to meet Major Saad Haddad, leader of the Right-wing predominantly Christian militia opposing the Palestinian guerrillas in Lebanon.

Evidently encouraged by the Israeli authorities, Major Haddad had gone to Metulla in northern Israel specially to greet Senator Percy. He left angrily, pursued by Israeli officials tendering apologies.

Senator Percy then argued with Mr Yehuda Ben Meir, the Israeli Deputy Foreign Minister. He praised Saudi Arabia's role in helping to bring about the ceasefire across the Lebanese-Israeli border last July.

Mr Ben Meir said that the *Palestine Liberation Organisation* (PLO) had agreed to a ceasefire only because Israeli attacks had left it close to destruction.

Senator Percy minced no words on Monday night during a meeting with Mr Yitzhak Shamir, the Israeli Foreign Minister. He reiterated U.S. criticism of the annexation and Mr Shamir responded by complaining about U.S. punitive measures such as the suspension of the joint accord on strategic co-operation.

At a meeting with Mr Shimon Peres, leader of the opposition Labour Party, Senator Percy said U.S.-Israeli relations had never been so low during the past 25 years.

The attack on Israeli policy was joined yesterday by the country's distinguished former Foreign Minister Mr Abba Eban. In an article he denounced the strident anti-U.S. tirades unleashed by Mr Menahem Begin Prime Minister and Mr Ariel Sharon, Defence Minister.

Ihsan Hijazi adds from Beirut: President Hafez-el-Assad of Syria is to have contacts with *Iran with a view to ending the* war following his visit to Saudi Arabia and the Gulf.

Machel changes Cabinet

By Quentin Peel, Africa Editor

PRESIDENT Samora Machel of Mozambique yesterday announced a Cabinet reshuffle aimed at strengthening key economic Ministries, and revitalising the defence effort against dissident guerrillas.

The most important move involves Sr Armando Guebuza, political commissar for the armed forces and a powerful figure in both the political and military hierarchy of the ruling Frelimo Government: he now takes command of the military effort against the Mozambique Resistance Movement (MRM) as Minister for Sofala province, based in Beira.

Another key political associate of President Machel, Sr Sergio Vieira, moves from the central bank, where he was governor, to become Minister of Agriculture. His place at the bank is taken by his able deputy, Sr Prakash Ratilal.

The moves have been made by dividing joint portfolios held by two senior Ministers: Sr Mario de Graca Machungo remains Planning Minister while relinquishing agriculture, and Sr Mariano Matsinhe keeps the Interior Ministry, but not responsibility for Sofala province.

Obote performs Africa's neatest political somersault

BY MICHAEL HOLMAN, RECENTLY IN KAMPALA

TO HEAR President Milton Obote of Uganda extol the virtues of a multi-party parliament democracy, a market force economy, and the merits of *foreign investment*, is to witness one of Africa's neatest political somersaults.

When toppled from power by former President Idi Amin in 1971, Mr Obote led a de facto one-party state, in which there had been no elections since independence in 1962, and which had an increasingly centralised — and struggling — socialist economy.

But a year after winning the December 1981 election, Africa's born-again pragmatist is presiding over a slow but *nonetheless* remarkable recovery of an economy devastated by nearly ten years of former President Amin and a war of liberation.

Such is his diplomatic skill that Mr Obote has mustered a wide-ranging combination of allies. The United States is increasing its small military aid programme next year, at the same time as a 40-strong contingent of North Korean military instructors arrives.

Last June Mr Obote, who also holds the finance portfolio, outlined a budget which set out a range of economic measures. The package, which required both fiscal discipline and political courage, was widely regarded as Uganda's last chance for recovery. The preceding three administrations had been marked by incompetence, corruption and factional infighting, prompting citizens and foreigners alike to wonder whether Uganda had become ungovernable.

Whatever his record, Mr Obote has brought a stamp of experience and authority to the administration. The budget, drawn up in consultation with advisers from the International Monetary Fund (IMF), included floating the Ugandan shilling, raising agricultural prices, lifting most price controls, restricting domestic credit and stringently controlling foreign exchange allocations.

"The overall opinion is that the budget is working," says one aid economist—though stressing that economic recovery will be slow and painful, with severe foreign exchange constraints until the mid 1980s.

The shiling rose from the pre-Budget rate of eight to the dollar to 85, and as a result the black market has fallen from 10 times the official rate to three. Producer prices of coffee, tea, sugar, cotton and tobacco have quadrupled, and as a result agricultural output is up and smuggling — particularly of coffee — has fallen.

The minimum wage has been raised from 400 shillings (£2.75) to 1,050 shillings a month — although it is still a pittance. A bunch of matoke, the staple food made from green bananas, costs 350 to 400 shillings in Kampala and feeds a family for barely a week. Upper income salaries have risen only 8 per cent.

Economic management is being strengthened by the presence of IMF assistants at the central bank and the appointment earlier this year of Morgan Grenfell as financial consultants. For the first time, an accurate picture of the country's muddled affairs is emerging.

External debt at the end of June 1981 is put at $737m plus unverified short-term debts of $200m. Of the $737m, 56 per cent was due for repayment before 1984—hence last month's meeting of creditors in Paris which reached agreement on rescheduling.

"The meeting also served to restore our credibility in the international community," says ambassador Ephraim Kamuntu, economic assistant to Mr Obote. The next step is a world Bank-chaired consultative group meeting in Paris next April, by which time the Government should have completed its two-year investment plan.

Other external assistance has already come through. Uganda negotiated a SDR 112.5m (about £70m) standby arrangement with the IMF last June, together with the drawing of SDR 45m under the compensatory finance facility. SDR 77.5m has been drawn so far under the standby, with a further SDR 25m due in February and the balance by mid-year. Negotiations have already begun for what officials call a "substantial" IMF extended financing facility which they hope will take effect from June 1982.

Most donors appear to accept Uganda's commitment to war debts. The Government is making reparations to Tanzania — whose forces otherthrew Amin, and some 1,500 of whom remain in the country — of $125m over the next 30 months, and a further $29m to Zambia, according to Western diplomats.

Although the British company Mitchell Cotts is once again operating its tea estates (nationalised in the mid-1970s) the most encouraging source of private investment is probably India, recently visited by the President.

A Bill, paving the way for the restoration of Asian assets confiscated under Amin, comes before parliament next session and several Indian businessmen have visited Uganda in the wake of Mr Obote's visit.

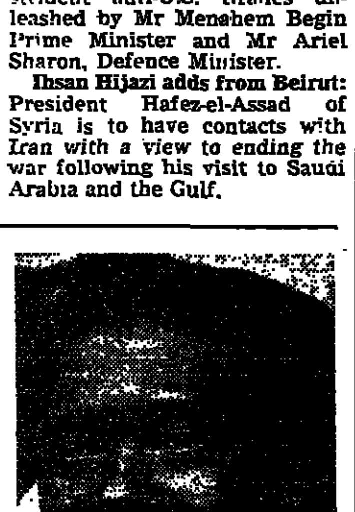
On other fronts, however, news is not so encouraging. Random killings in and around Kampala continue. Accurate figures are difficult to come by, but Western diplomats believe that some 300 people have been killed in the past three months in a triangle of territory around Kampala. Some of the deaths may be the work of bandits but there seems little doubt others are the work of the ill-disciplined army and militia.

Over the past year, say diplomats, several thousand people have been detained without trial—though 3,000 of those held in jails when Mr Obote came to power have been released.

Government officials dispute the figures for killings and arrests but argue that the Government has been forced to respond to "terrorism"—a reference to the five armed opposition groups who claim to be active in the country.

Most observers believe that these groups do not pose a real threat to the Government, as they are without sources of weapons, or bases—none of the neighbouring countries knowingly provide refuge—and are poorly trained.

Meanwhile, Kampala remains a battered city: but more shops have opened, with more goods on the shelves. Buses are beginning to operate and people venture out after dark. "Three of our cars were stolen in 10 days last month," said the head of one diplomatic mission, "and all were recovered. Things are getting better."



President Obote . . . turnaround

Cash shortage hits India's loans

By K. K. Sharma in New Delhi

INDIA is to be the main loser of concessional loans from the World Bank's soft-lending affiliate, the International Development Association (IDA), following cuts in contributions to the IDA's funds by the U.S. and other donors, according to indications received in New Delhi.

Until now, India has obtained about 40 per cent of IDA funds every year because of its low per capita income and its ability effectively to use the funds. This year, however, the IDA has fallen about $1bn short of its funds target of $3.6bn.

The funds are not expected to come to India in the same proportions as before, because the World Bank plans to give more assistance to Africa, and because the amount available is smaller.

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Latin America's growth 'worst for 35 years'

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

LATIN AMERICA'S growth rate was the worst for 35 years this year, average income declined, and the region's foreign debt quadrupled in four years, Sr Enrique Iglesias, executive secretary of the United Nations Economic Commission for Latin America, said in Santiago, Chile.

Overall growth in the region had been only 1.2 per cent, a large drop from the 5.8 per cent of 1980 and well below the rate of population increase, he added.

The average inflation rate in the countries of Latin America this year was 60 per cent, the worst figure ever recorded, except for 1976.

The balance of payments was in the red for the second year running. The current account was in deficit to a record $33.7bn (£18.7bn) nearly $6bn up on the 1980 figure. Net capital inflows this year were put at $31.8bn.

The region's debt burden also became heavier. The disbursed foreign debt is estimated to have grown this year by 15 per cent to almost $240bn. This is four times the figure recorded in 1977.

The only major positive factor, according to Sr Iglesias, was that the volume of exports rose this year by 11 per cent. This, he said, was "extraordinary in view of the recessive conditions prevailing in the world economy and in international markets."

It was due principally to the fact that export volumes in Mexico had risen 36 per cent, and 24 per cent in Brazil.

Despite this, in most of the non-petroleum exporting countries, bigger volume had been offset by the drop in unit prices so that the value of exports fell in all but six of the countries.

As in previous years, economic developments in Brazil and Argentina, two of the biggest economies in the region, had a major effect on the Latin American averages.

In Brazil, GNP is estimated to have fallen by 3 per cent, against a growth rate of 8 per cent last year. The inflation rate during the year touched 120 per cent in Brazil.

In Argentina, GNP dropped 6 per cent and industrial output shrank 15 per cent. The inflation rate at present was running at 120 per cent, Sr Iglesias added.

Economic conditions would continue to be difficult, he added.

Among the measures Sr Iglesias suggested to ameliorate the region's difficulties was a new drive to bring in more finance

U.S. airlines slash fares on Florida route

BY OUR NEW YORK STAFF

HARD-PRESSED airlines of the U.S., in a desperate bid to drum up winter business, have launched into a bitter price-cutting war on the busy North East-Florida route.

The first blow was struck last week by Delta, the large Atlanta-based airline which cut its regular fares from several northern cities to Florida by as much as a half. The fare from New York was lowered from $159 to $114 (£84-£60), its lowest in two years, for mid-week travel.

Three other airlines that ply these routes — Eastern, Pan American and TWA — all followed suit this week, and some threw in extra lures such as hotels and car rentals.

One of the most unusual was Pan Am's "warranty" fare which entitles a traveller flying between New York or Washington and Florida to buy a similar ticket in January 1983 for exactly the same price.

The new low fares apply from January 6 and are designed to enliven business in what is usually the slowest winter month. Business picks up again in February as more northerners take their winter holidays in the south.

Argentina aims to cut public spending

By Our Latin America Correspondent

THE newly-installed Argentine Government of Gen Leopoldo Galtieri has announced an economic programme of strict orthodoxy aimed at reducing public spending, contracting the state sector and opening the economy again to market forces.

Dr Roberto Alemann, Economy Minister, announced on Christmas Eve that the two-tier foreign exchange market, introduced at mid-year by his predecessor, Dr Lorenzo Sigaut, was to be abolished.

Henceforward, the market in foreign currency for financial operations and the one for foreign trade transactions are to be unified, with the peso being allowed to find its own level.

The financial peso last week stood at just over 10,000 to the dollar, and the commercial peso at around 7,250 to the dollar. Earlier in the month, bureaux de change had been trading in pesos at more than 11,000 to the dollar.

The Central Bank has been instructed not to intervene in the market to change the parity of the peso. It will in future act solely to buy foreign currency needed to meet the obligations of the Government and public sector companies.

Public sector companies are under severe threat of pruning, as was made clear in the first policy speech of Gen Galtieri, who took power from the ailing Gen Roberto Viola after a short hiatus on December 20.

He announced that a study of which public sector institutions were to be suppressed would be ready by March and in May there would be an announcement about which state companies would be sold off to the private sector.

He also called for austerity, and criticised "a giant bureaucratic machine which no longer serves the country."

Among the new measures expected to be announced shortly by Dr Alemann is an effort to encourage export industries and oil exploration.

This winter promises to be tough for the Canadian economy, writes **Jim Rusk**

Ottawa faces near-insoluble dilemmas

CANADA'S economic policy-makers face a series of near insoluble dilemmas because this winter promises to be tougher for the Canadian economy than any since the Great Depression. The course of policy in the next six months is not at all clear, but the possibility that wage and price controls will be imposed has increased in the past few weeks.

When recession struck in autumn it was sharper and more steep than anyone in the Government had expected. One of the major brokerage houses in Canada, Pitfield Mackay Ross, recently forecast that the setback will, by a wide margin, be the severest recession in Canada since the end of the Second World War. The house said that the decline started in August and has been accelerating ever since. It expects the peak-to-trough decline in real output between mid-1981 and mid-1982 to be 3.7 per cent, compared with a 2.6 per cent decline in 1953, previously counted as the most severe post-war downturn. Yet Mr Allan J. MacEachen, the Finance Minister, has shown no sign of being swayed from the anti-inflationary stance he has taken since the Liberals, under Mr Pierre Trudeau, swept back into power almost two years ago.

Inflation, which has remained stable at about 12 per cent, shows no signs of abating and interest rates have responded only slowly to declines in U.S. rates. The Ottawa Government, which has finally achieved some success in its efforts to get spending and the budget deficit under control, has little room to manoeuvre. In part, this is a problem the Liberal Government has wished upon itself. For long after Opec first increased oil prices in 1973, Canada resisted raising domestic oil prices to world levels. The agreement signed with the oil-producing provinces last autumn will raise Canadian prices sharply in the next five years as the country makes an adjustment already absorbed by the economies of its industrialised competitors.

Mr MacEachen recently told his provincial colleagues that, while the recession is the direct result of high interest policies aimed at fighting inflation, recovery would be short-lived unless the rate of inflation comes down. His critics, he said, "would have us abandon our policy of fiscal and monetary restraint in response to current weakness in the economy. I reject this advice . . . all is dependent upon our resolute will to maintain anti-inflationary policies throughout the difficult transition of weakening output and employment."

The Canadian dilemma is that inflation has been much slower in responding to tight monetary and fiscal policies than in the U.S., Canada's leading trade partner, while prices are clearly slowing down in the U.S., and wage increases are running well under 10 per cent, price increases in Canada are in the 12 to 13 per cent range and wage settlements are in the 13 to 15 per cent range.

Mr MacEachen and his top officials are especially worried because about 70 per cent of the wage contracts expiring in 1982 are in the public sector, mostly for provincial employees. Unlike the U.S. where President Ronald Reagan, with his combative attitude towards the strike of the air traffic controllers has set the tone for public sector wage bargaining, Canadian politicians have shown no sign that they are prepared to be as tough. Such a stance is necessary to set the tone for both 1982 and 1983, when the bargaining calendar swings back to private sector.

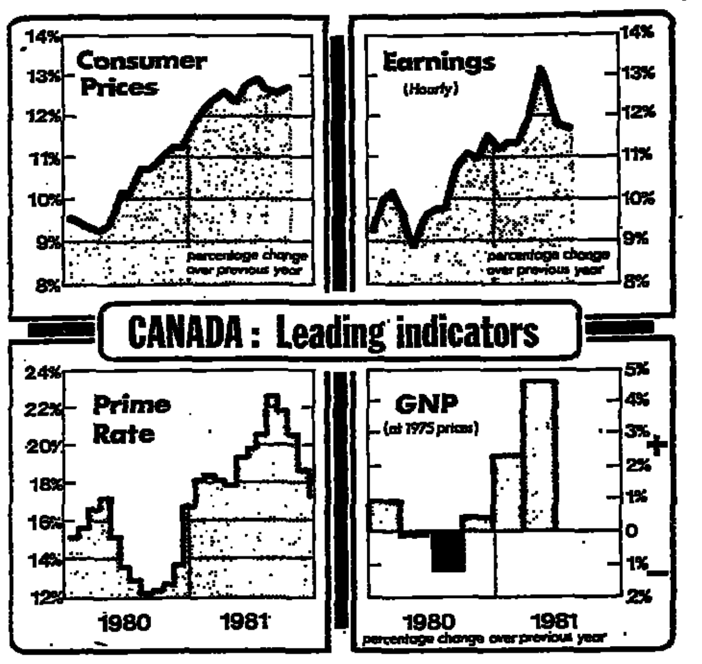
There is no indication either that the Canadian unions are prepared to be as flexible as those in the U.S. where plant contracts have been re-opened to modify work rules and to cut wages to keep plants internationally competitive. One reason for resistance on the part of Canadians is that, in the resource sectors which account for a higher proportion of Canadian output than they do in the U.S., layoffs and falling output are considered to be a strictly cyclical phenomenon, not to be corrected by lowering wages or easing work rules.

As a result the worst fear of Canadian policymakers may be realised. Throughout a major part of the first half of 1982, Canadian inflation rates may be running at rates higher than short-term interest rates in U.S. markets. This would leave Ottawa with unpalatable policy choices. To let Canadian interest rates fall in lock step with U.S. rates would lead to a run on the Canadian $ and rising inflation since Canada imports a high proportion of its consumer durables and capital goods. To hold rates significantly above U.S. rates would retard recovery during a year when unemployment is forecast, by Wood Gundy, the largest brokerage house in the country, to average over 1m and output to fall by 0.S per cent.

Privately, Federal officials confess that the economic policy question is whether controls can be avoided. During the preparation of his November budget, Mr Maceachen rejected a tax-based incomes policy proposed by his department. He still publicly spurns the idea of controls.

However, he now makes references to the economic problems in 1975 in most of his speeches. That was the year when the Trudeau Government found it necessary to impose controls on an economy overheating in a recovery led by a bounce-back of the U.S. economy.

Wood Gundy believes Canada may not avoid controls. "Having resolutely avoided incomes policies until now, the Canadian Government may after all be lured into some form of emergency formal control if unemployment mounts sharply in the coming months . . . a case could be made for a 90-day wage and price freeze.



El Salvador bridge sabotaged

BY OUR LATIN AMERICA CORRESPONDENT

LEFT-WING FMLN guerrillas in El Salvador have destroyed the bridge across the Guajoyo River which carried one of the principal road links with neighbouring Guatemala.

This is seen as the biggest act of economic sabotage to have been carried out by the left-wing opposition to the Government of President Napoleon Duarte since the FMLN dynamited the Puente de Oro or Golden Bridge in October.

The Golden Bridge links San Salvador, the capital, with the east of the country and the port of La Unión. La Unión itself was held by guerrillas for a short period earlier this month.

On Christmas Day, FMLN guerrillas were reported to have blocked the Pan-American Highway in San Vicente for several hours and collected "war taxes" from drivers and passengers.

Guerrillas are continuing to blow up telephone boxes in San Salvador as part of a campaign to disrupt the economy. El Salvador is continuing to suffer power-cuts because of the dynamiting of electricity pylons and power lines throughout the country.

Meanwhile in the capital, the Central Reserve Bank has announced that the budget deficit this year came to $228m (£114m) and said that 1982 would be a year of renewed austerity.

"Agressive efforts" would be made to get foreign loans in order to maintain the country's level of economic activity, the bank added.

The Government, decreeing that the state of siege would continue in El Salvador for another 30 days, said that its provisions would not apply to the political parties which are campaigning for the elections called for March 21.

The Information Industry did not, however, elaborate on how this would done. The state of siege restricts freedom of expression

More than 90 killed in Guatemala violence

GUATEMALA CITY—Ninety-two people have been killed and 286 wounded in a post-Christmas wave of political violence in Guatemala, police officials said.

The dead included 18 security officers killed in clashes with guerrillas, they added.

One civilian was reported killed and a dozen wounded in a bomb attack on a police station in the eastern city of Chiquimula.

The officials gave no details of other incidents.

Earlier, a police spokesman said that gunmen shot dead the Christian Democrat mayor of Ciudad Vieja, adjoining the capital, and that the bodies of three people kidnapped on Christmas Eve had been found dumped on the outskirts of the capital.

Gunmen burst into the home of the mayor, Sr Gonzalo Quinonez Parede, forced his family to leave, and then shot him to death. The gunmen, who fled in a car, have not been identified.

About 3,500 people have been killed this year in Guatemala in violence involving Leftist guerrillas seeking to overthrow the Government.

Agencies

WORLD TRADE NEWS

Japan assigns £263m for leasing programme

BY WILLIAM HALL, BANKING CORRESPONDENT

JAPAN has earmarked $500m (£263m) for a second "samurai leasing" programme as part of its efforts to reduce its trade surplus.

Details are expected in mid-January, but European bankers understand that after months of debate the decision has been taken to proceed with a relatively small leasing programme.

It will involve Japanese leasing companies buying assets from foreign companies and leasing them to other foreign companies. This will help to reduce Japan's surplus on the current account which has been forecast at $10bn in the year to March 1982.

Leading airlines in Europe report that they have already been approached by Japanese leasing companies and trading houses to see whether they would be interested in financing new aircraft through "samurai leasing."

The Japanese authorities first embarked on a so-called "samurai leasing" programme in 1978-79 as part of their efforts to reduce the country's balance of payments surplus.

European bankers estimate that they lent $900m under this programme, and many European airlines took advantage of the scheme.

The original scheme was limited to the purchase of new aircraft. The initial interest rate was 8.25 per cent—fixed—for 10 years. The Japanese Exim Bank extended the leasing facility in U.S. dollars for 100 per cent of the cost of the assets. The interest rate was later raised to 9.0 per cent.

The structure of the latest scheme has still not been revealed. However, European bankers understand that it will be modelled on the first "samurai" scheme but the terms will be less attractive.

It appears likely that it will be confined to aircraft, leases will have a term of 10 years and bankers believe the interest rate will be close to 12 per cent.

Tokyo promotes commercial vehicle exports

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPAN IS promoting commercial vehicle exports as vigorously as car exports. The drive will focus on Western countries with commercial vehicle manufacturers of their own.

This view is expressed in a paper in the International Automotive Review produced by the London-based Automotive Research and Management Consultants group (ARMC).

It says that commercial vehicle exports have not been covered to the same extent as cars by the various "limitation" agreements made between the Japanese and the U.S. and many European countries.

"Considerable further growth can be expected in the years ahead unless protectionist pressures increase to the extent of frightening the Japanese manufacturers into voluntary 'discretion' or 'prudence' when indigenous Western commercial vehicle manufacturing nations are concerned," the paper says.

ARMC recalls that between 1977 and 1980 Japanese output of commercials jumped by 30 per cent, or 920,000 units, to just over 4m. It forecasts that by 1983 that will have grown to 4.8m, a slower rate of growth as the domestic market nears saturation and exports face European-American product and marketing reaction.

Commercial vehicle exports have risen by 54 per cent or 756,000 to 2.15m in the four years to the end of 1981. ARMC predicts they will reach 2.4m in 1983.

But ARMC suggests that there is more to the Japanese commercials than their low prices and says they have "relative simplicity, good reliability and acceptable durability—combined with a good standard of parts and service overall."

Looking at Japanese car exports, ARMC estimates that a record 4m cars will be exported in 1981—in spite of various limitation agreements with the Western countries—an increase of 1.11m or 37.5 per cent in four years.

The paper forecasts little growth in car exports for 1982, a rise of only 2 per cent to 4.15m, but predicts further advances in 1983 to 4.3m as fresh markets are developed and the economic climate improves in the U.S. and Europe.

JAPAN-COMMERCIAL VEHICLE EXPORTS:

	Units	Change on previous year %
Actual		
1977	1,393,939	+19.1
1978	1,558,498	+11.8
1979	1,460,791	− 6.3
1980	2,019,801	+38.3
1981	2,150,000*	+ 6.4
Forecast		
1982	2,250,000	+ 4.7
1983	2,400,000	+ 6.7

* Estimate

Source: International Automotive Review

International Automotive Review, ARMC; BJM House; 67, Clerkenwell Road, London EC1R 5BH.

Eastern promise for the European palate

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

MOST EUROPEANS have by now grown used to buying Sony TV sets, or Toyota cars, however much their trade ministers may grumble about the resulting bilateral trade imbalances with Japan.

But how many Frenchmen or Germans are aware that they may be eating Japanese choux à la crème or beumküchen as a result of what one European resident of Tokyo has (with pardonnable exaggeration) christened the Japanese cake invasion of Europe?

Full details on the extent of Japan's cake incursion are not yet available but they include the following:

● The famous Kobe-based German baker, Juchheims KK (established 60 years ago by German immigrants but now Japanese-owned and managed) has decided to build a cake factory outside Frankfurt in order to supply two existing shops in the city and a third which is about to be opened in the Hauptwache, a tourist landmark owned by the Frankfurt City authorities.

Juchheims says it has not yet decided what to manufacture in Frankfurt, but its factory will undoubtedly be turning out traditional German specialities of various kinds. Juchheim's two existing shops, one of which includes a restaurant, do Y300m (£600,000) worth of business a year, but the company is looking to much faster growth after its Hauptwache shops opens next spring.

● Jucheim's Tokyo-based sister company, Rosenheim, which is a specialist in Austrian baking and confectionary is "studying the possibility" of opening a shop and/or factory in Vienna. The group could also turn its attention to Switzerland in the not too distant future.

● The Tokyo-based bakery chain, St Germain, which specialises in among other things, French bread, has been operating a French restaurant and a bakery in the basement and ground floor of the Hotel Claridge in the Champs Elysées for two years.

● Hirota of Osaka, a medium-sized baker and confectioner which is claimed to be the world's largest manufacturer of choux à la crème, has an establishment at 19 Avenue Wagram, Paris, where it produces and sells its favourite product.

● The only Japanese company which has so far dared to sell Japanese confectionery in Europe is Toraya, a 450-year-old sweetmeat manufacturer whose name is a household word in Japan.

Toraya chose Paris as the site of its first venture because of the city's alleged receptiveness to foreign cultural influences. It opened its shop in the Rue Florentin (near the Rue St Honore) in October 1980 after an 18-month market survey.

Except for Toraya all the companies involved in Japan's European "cake invasion" are attacking markets which represent the traditional stronghold of the product they plan to sell. It all begs the question, has any European food company considered the pros and cons of opening a chain of sushi shops in Japan?

Dutch win orders for platforms

By Charles Batchelor in Amsterdam

Dutch shipyards have announced a number of export orders worth several hundred million guilders for container ships and oil drilling platforms.

Rijn-Schelde-Verolme (RSV) said its Brazilian subsidiary, Verolme Brazil, had been awarded a $120m (£63.1m) order to build four self-elevating oil platforms for Aramco Overseas Company.

Delivery is scheduled for the first half of 1983 and the platforms will be used in the Arabian Gulf. Three platforms with accommodation for 40 people and 78-metres leg-length are for use and are in production and the fourth, with accommodation for 80 and 65 metres leg-length is for maintenance work. All are self-propelled. Finance was arranged by Banco do Brasil.

Nedlloyd, the Dutch shipping group, has ordered two container ships from the van der Giessen-de Noord Shipyard at a cost of Fl 200m (£42m) and taken out an option on a third vessel. The first two ships, which will carry 1,400 containers each, including 140 cooled units, will be delivered in December 1983, and May 1984.

Swiss link with Australia

By John Wicks in Zurich

AUSTRALIA and Switzerland have agreed in principle on a contract by which Swiss nuclear power stations will be able to buy uranium directly from Australia. No details of the agreement have yet been disclosed.

The planned co-operation between the two in the nuclear sector follows a similar agreement signed between Australia and the European Community in Brussels this September.

The government in Berne is expected to present a report to parliament on the agreement during 1982 before ratification.

Talks held in Canberra earlier this month are said to have dealt with the conditions under which Australia would supply uranium to Switzerland rather than with actual volumes.

These involve Swiss guarantees that the uranium would not be used for the manufacture of nuclear weapons.

Steady recovery expected in production of French cars

BY TERRY DODSWORTH IN PARIS

FRENCH car production is expected to recover steadily over the next few months after reaching a low in autumn that is likely to mark the deepest depression of the slump.

Hopes of an improvement, cautiously supported by the French manufacturers' association, are being fueled by a distinct upturn in sales last month.

This trend is likely to continue because of the extra buying power injected into the economy by the Government, as well as a turn in the buying cycle after two years of declining registrations.

The November figures show that production rose by almost 7 per cent, compared with a year ago, to 233,000 units, while sales rose by 9.3 per cent to 163,000 cars. Exports registered a small, 1.4 per cent, drop to 111,000 units.

Commenting on the November statistics, the manufacturers' association warned against reading too much into the production upturn, which was affected by special factors.

But the association is hoping that the worst of the crisis is over, and that French manufacturers will be able to compete more effectively against importers because of new model introductions.

One of the problems for the domestic industry this year has been the steady rise in imports, particularly from West Germany. Importers' sales are expected to go up to about 28 per cent of the market by the end of the year, against 23.1 per cent in 1980.

This increase has been caused by the takeover of a number of distributors by importers following the merger of the Peugeot and Talbot networks, combined with delivery problems in the wake of strikes. The higher competitiveness of West German cars due to the overvalued franc has also worked to the advantage of importers.

Virtually all of these unfavourable factors have been eliminated or reduced recently, giving rise to the hopes of an improvement in the French position.

Forecasts for the whole of this year indicate a production fall of about 11.5 per cent to 2.6m cars—some 620,000 fewer than in the record year of 1979. Registrations may be down by only as little as 1.8 per cent to 1.84m units, while exports are expected to reach about 1.38m units against 1.53m in 1980.

Contract with U.S. boosts Europe's space plans

PARIS — Europe's developing space programme was given a boost yesterday when the European Space Agency (ESA) signed a multi-million dollar contract with a major U.S. telecommunications company to launch a satellite, ESA officials said.

Western Union's Westar VI satellite will be sent into orbit by an Ariane-3 rocket at a joint launching in 1983 at which ESA will also orbit a satellite for the French national telecommunication centre.

The two companies will split the $50m launching costs for the Ariane rocket which the ESA has spent $1bn in developing over the past decade.

ESA has received orders from Southern Pacific Comunications of the U.S. to orbit two satellites, and general Telephone and Electronics (GTE) which has ordered one launch, all in 1984.

The Ariane rocket, funded mostly by France and West Germany, completed its final test firing earlier this month and will start operations next year.

Reuter

Brazil deal awarded

BY JAMES BUXTON IN ROME

ANSALDO, the Italian state-owned engineering group which is part of the IRI-Finmeccanica holding company, has won part of a contract to build a 350 MW power station in Brazil.

It is part of a consortium whose other members are Skoda Export of Czechoslovakia and Deutsche Babcock of West Germany. The total value of the coal-fired plant, to be built at Tubarao, is $450m (£237m), one-third of which is represented by the value of machinery.

● ENI, the Italian state energy corporation, said its subsidiaries AGIP Petroli Spa and Snamprogetti have won a $55m turnkey contract to provide Iraq with a chain of roadside service stations, Reuter reports.

The contract, signed with Sodopag, the Iraq state petrol distribution company, calls for the building of 27 service stations, with an option for a further 11.

Venezuelan rail deal for West Germany

CARACAS — The Venezuelan State Railways Institute, Ferrocar, has awarded a $420m (£221m) contract to a West German group led by Maschinenfabrik Augsburg-Nuernberg (MAN) for rolling stock and equipment.

The order, which includes 93 railway carriages as well as track and equipment, forms part of a 20-mile railway project to connect Caracas with the Caribbean coast. The railway is due for completion in 1984.

The MAN group includes Ferrostal, AEG-Telefunken, Siemens, and Deutsche Eisenbahn Consulting.

● Brown, Boveri and Cie has been awarded a contract worth over DM 300m (£71.4m) to deliver a turnkey gas turbine power plant to Bahrain. BBC, the West German electrical company, said the plant will eventually be powered by six gas turbines with a capacity of 90 MW each.

Agencies

UK NEWS

Smallest rise in home prices for seven years

By William Cochrane

HOUSE PRICES have risen this year by their smallest amount since the property shake-out of 1974, the Anglia Building Society says today in its annual review of the housing market. "Now must be a good time to buy a home," Mr Peter Moreton, Anglia's chief surveyor, says.

An analysis of the 36,000 properties dealt with by Anglia shows average price increases over the levels at the end of 1980 of 7.82 per cent for new homes, 2.64 per cent for existing modern homes and 5.7 per cent for pre-1919-built houses.

New homes apart, these figures conceal a second-half decline in prices. For the first six months of 1981 the increases were 7.2 per cent, 4.2 per cent, and 6.3 per cent respectively. This compares with 8.8 per cent, 8.4 per cent and 14.6 per cent last year, and 31.5 per cent, 30 per cent, and 24.5 per cent when price growth last peaked in 1978.

Despite the poor climate in the housing market, Anglia increased its committed lending in 1981 by 45 per cent to £500m, compared with £345m in 1980, Mr Moreton says.

He adds: "The traditional relationship between house prices and incomes has slipped: the proportion of incomes devoted to housing has declined. In these circumstances, along with the general weakness in house prices, the message must be that now is most certainly a good time to buy."

The survey shows considerable regional variations. Price trends in London and the South-East have been relatively weak, and differentials between London, the provinces and beyond have continued to diminish.

Anglia says that the main problems have centred on the middle-priced modern three-bedroomed semi-detached and smaller four-bedroomed detached houses of the 1930s and post-1950 periods.

There has been a large number of these homes for sale, with supply far exceeding demand. "Only the best located, best fitted and best maintained have tended to find ready buyers," Anglia says.

Andrew Taylor looks at one effect of the Chancellor's December statement on spending-authorities' plans

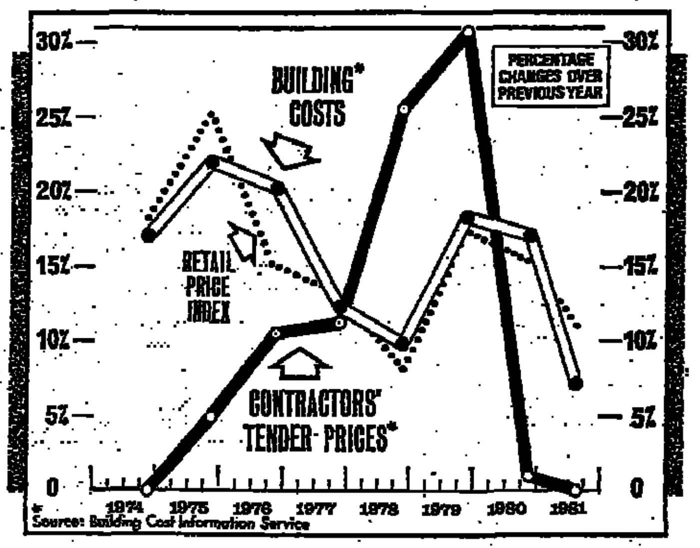
Capital investment programmes face a tender trap

HOW WOULD a housewife react on hearing that a planned increase in housekeeping money was being cut because prices had not risen as fast as expected and that money already saved could not be spent on much-needed extras for the family?

This is the position for the Government's capital investment programmes for roads, water and sewerage following the Chancellor's economic statement on December 2.

Because tender prices have not risen by as much as expected in 1981 the Government has decided to reduce planned increases in cash limits for capital expenditure on roads, water and sewerage for the next financial year. As costs are lower than expected not so much money will be required to carry out planned programmes.

> "There will be some reductions in the cash provision for some other capital programmes including those for water services, motorways and trunk roads. There has, however, been a substantial fall in tender prices. Because of this there should be no significant impact on our published plans for water services, motorways and trunk roads."
> Sir Geoffrey Howe, Chancellor of the Exchequer, December 2 1981.



* Source: Building Cost Information Service

Increase

Thus cash limits for motorway and trunk road schemes will increase from £694m to £700m in 1982/83, instead of £730m as originally planned.

Similarly cash limits for local authority capital expenditure on transport will rise from £710m to £760m, instead of £810m. Cash limits on water and sewerage projects will fall from £644m to £635m.

It is a move that, not surprisingly, finds little support from Britain's construction industry, which says the Chancellor's statement ignores the massive cuts that have already been made in public sector investment in the country's ageing infrastructure.

A recent paper produced by the Federation of Civil Engineering Contractors shows that orders for road programmes in 1980 were 55 per cent of 1970 levels. Water and sewerage orders for 1980 were 37 per cent of the level of 1970 and 25 per cent of the level of 1972.

The Federation says the effects of spending cuts have been exacerbated by the failure in recent years of authorities like the Ministry of Transport, local councils, nationalised industries and water authorities to spend all they have been allocated for capital investment.

For example the Ministry of Transport is presently expected to undershoot by about £50m its cash limit of £694m for motorways and trunk roads in the current financial year. Substantial underspending of water authority budgets is also forecast for 1981/82.

Complex

The reasons for the failures of spending authorities to meet capital investment targets are complex. For example the ability of nationalised industries to fund capital projects has recently been constrained by the strict limits placed by the Government on the amounts they are allowed to borrow.

The nationalised industries under pressure to control current expenditure have clearly found it difficult to live with external financing limits. Thus the volume of capital expenditure by the nationalised industries on construction rose by only 8.3 per cent in 1980/81 instead of 33.6 per cent as programmed.

Balfour Beatty Power Construction recently said it was laying off its 80-man team working on British Rail's railway electrification programme because BR has no more work available. Since then, however, BR has given the go-ahead for the electrification of the line from London to Ipswich, Norwich and Harwich.

Water authorities have similarly found it difficult to meet targeted capital expenditure levels. They have been under pressure to keep increases in water charges to a minimum and their ability to raise revenue to service additional borrowings for capital investment has suffered as a result.

But the problems of underspending go beyond just the difficulties of reconciling capital and current spending in a difficult financial climate.

The very inflexibility of a budgetary system which requires expenditure to be accounted for annually lends itself to underspending when major construction projects can take several years to complete.

Any significant delay in a major road programme can play havoc with expenditure plans. Environmental lobbies, public inquiries, objections from councils and local residents are just some of the obstacles that can be placed in the way of even the smallest of road schemes.

In a bid to combat the problems of delay and lost investment through underspending the Transport Department has introduced a reserve list of "ready to go" road schemes which, like the footballer on the substitutes' bench, can be brought into play at a moment's notice.

But even this list has not proved large or flexible enough to take up all the slack now likely to emerge in the department's motorway and trunk budget as a result of both the normal "crop of injuries" and the impact of lower than expected construction costs.

It is against this background that the construction industry has been arguing for a more flexible housekeeping system which would take into account the long lead times for construction projects, which can take many months in preparation work done, apart from long delays as a result of public inquiries and the like.

The inflexibility of the budgetary system means that even if the cash limits for road schemes were substantially increased next year—as some economists would like to see—it would be very difficult to find sufficient projects ready to start to satisfy this kind of increase.

It can be costly to keep substitute schemes in reserve when these might not actually come to fruition for many months or years.

But the real cause for concern in the construction industry is the substantial reductions which have been made by successive governments in the proportion of public sector investment made available for capital investment in construction and infrastructure.

At the beginning of the current financial year the budgeted expenditure allotted for capital investment in construction had fallen to less than 9 per cent of total public expenditure, compared with around 14 per cent in 1973-74.

These figures do not take into account the faster than expected rise in current expenditure this year or the effect of any likely underspending on construction budgets particularly for roads and water schemes.

The Government, faced with the ned to constrain public expenditure, has clearly found it difficult to reduce current expenditure and as a result investment in capital projects has suffered.

The Government now faces a growing campaign from trade unions, industry and commerce—not just from a self-interested construction industry—to step up its investment in capital projects as a means of stimulating a recovery from the recession.

Two recent studies commissioned by the construction industry and carried out by the Cambridge Econometrics economic forecasting body and the Economist Intelligence Unit gave evidence to support this view.

Advantages

The studies found that the long term advantages in employment and productivity for the manufacturing sector from increased public sector capital investment far outweighed the short term benefits achieved from rising current expenditure, which does little to stimulate productivity and private sector investment.

Whether the latest reductions in cash allocations will represent a real cut in planned capital investment for construction is debatable.

But the construction industry will argue that at best the reductions represent a lost opportunity and that the Government could have taken better advantage of lower construction costs by increasing its real level of investment in the country's infrastructure.

Capital expenditure including investment in construction as a proportion of total public expenditure

	Central government Capital	Central government Current	Local government Capital	Local government Current
	%	%	%	%
1972-73	17.8	82.2	32.1	67.9
1981-82 (planned expenditure)	8.7	91.3	17.1	83.9

Source: FCEC

Percentage underspend on road programmes at constant prices

	Motorway and trunk roads	Local authority roads
1976/77	−9%	−11%
1977/78	−19%	−1%
1978/79	−23%	−8%
1979/80	−10%	−10%
1980/81	−14%	n/a

Source: Federation of Civil Engineering Contractors

New Orders: Investment in construction (Infrastructure) Index taking 1970 as 100

	Public corporations	Roads	Water and sewerage	All civil engineering
1970	100	100	100	100
1973	81	139	139	122
1976	131	63	69	83
1979	74	54	42	60
1980	100	55	32	63

Source: FCEC

The volume of new construction orders from public corporations in 1980 was the same level as in 1970 but this in part reflected major letting of work for the new nuclear power station at Torness. Without Torness the level of orders would have been 75 per cent of the 1970 level.

Real cost of civil engineering construction 'at cheapest level for years'

THE REAL cost of construction for big civil engineering works has not been as cheap for several years, a study of building costs by the Royal Institution of Chartered Surveyors shows. Contractors' tender prices in cash terms are still not much more than the fourth quarter of 1979, it says.

The study, carried out by the institution's building costs information service, estimated that by the third quarter of this year, tender prices had fallen about 5 per cent since the third quarter of 1980 (although more recently, prices have begun to rise as increases in building material prices have begun to work through to building sites).

The study's findings are confirmed in several letters from water authorities to the Federation of Civil Engineering Contractors, which have expressed concern at some of the low prices being submitted. The authorities say these sometimes bear little relationship to the true cost of the job.

As workloads have diminished, contractors have been submitting tender prices on some jobs at little or no margin for profit. As a result, some spending authorities fear there will be an increase in claims for extra payments under contract clauses as contractors try to repair margins for work won at low prices.

The pressure to win work is substantial and one water authority reported this year that it had received 78 separate applications to join the tender list for one of its schemes.

Contractors' tender prices in the third quarter of this year were estimated by the building costs information service to have risen by about 3 per cent since the first quarter of 1981.

The lower than expected growth in prices has prompted the Ministry of Transport to step up its orders for road programmes this year—although the money will not actually be spent until 1982/83.

The department says that between 80 and 85 per cent of its budget for roads in 1982/83 has already been committed.

The bunching together of road contracts in 1981 explains to some extent the 5 per cent rise in construction orders in the first nine months of this year. The level of building orders for road programmes is expected to fall sharply next year.

COMPANY NOTICES

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS
Issued in respect of shares of
OLYMPUS OPTICAL COMPANY, LTD.
CAPITALISATION ISSUE 1981

S. G. WARBURG & CO. LTD., as Depositary, hereby gives notice that the Board of Directors of Olympus Optical Company, Ltd., at a Meeting held on 9th October, 1981, resolved to create and issue 17,926,584 new fully paid shares of Yen 50 each, as of 1st November, 1981.

These shares will be allotted to Shareholders registered on the books of the Company as at noon (Tokyo time) on 31st October, 1981, in the ratio of 1.5 new shares for every 10 shares already held by them. Fractions will be sold and the proceeds paid in cash to Shareholders in proportion to their entitlement.

The new shares issued by way of this bonus issue will be entitled to any dividend that may be declared for the 6 months period ending 30th April, 1982.

Holders of Bearer Depositary Receipts may now present Coupon No. 32 at the offices of the Depositary or any of the undermentioned Sub Depositaries from whom application forms can be obtained.

DEPOSITARY:—
S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House, Goldsmith Street, London EC2P 2DL.

SUB-DEPOSITARIES:—

The Bank of Tokyo, Ltd.,	Brussels, Belgium
The Bank of Tokyo, Ltd.,	Dusseldorf, Germany
The Bank of Tokyo, Ltd.,	Paris, France
The Bank of Tokyo Trust Company,	New York, U.S.A.
Algemene Bank Nederland N.V.,	Amsterdam, Netherlands
Banque Generale du Luxembourg, S.A.,	Luxembourg

New Bearer Depositary Receipts will be issued in January, 1982.

S. G. WARBURG & CO. LTD., as Depositary

30th December, 1981.

RUSTENBURG PLATINUM HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the Thirty-fifth Annual General Meeting of members of Rustenburg Platinum Holdings Limited will be held in the Board Room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, on Wednesday, 27th January, 1982, at 09.30 hours for the following purposes:

1. To adopt the financial statements for the year ended 31st August, 1981.
2. To re-elect the retiring directors of the Company in terms of the Articles of Association:
   (a) Mr. K. W. Maxwell.
   (b) Mr. N. F. Oppenheimer.
   (c) H. Scott-Russell.
   (d) R. B. Sutherland.
   (e) F. J. L. Wells.
3. To grant, in accordance with Section 221 of the Companies Act, 1973, a general authority to the directors to allot and issue the unissued shares upon such terms and conditions as they may determine.

Any member of the Company is entitled to appoint a proxy to attend and to speak and, on a poll, to vote in his stead. A proxy need not be a member of the company.

The share transfer books and the register of members will be closed from 20th to 27th January, 1982, both days inclusive.

By Order of the Board,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: C. E. JONES

Head Office and Registered Office:
Consolidated Building,
Corner Fox and Harrison Streets,
Johannesburg 2001.
(P.O. Box 590, Johannesburg 2000).

29th December, 1981.

FORTYMEN FINANCE LIMITED

NOTICE IS HEREBY GIVEN that the creditors of the above named Company, which is being voluntarily wound up, are required on or before the 29th day of January, 1982 being the day for that purpose fixed by the undersigned, Alan John Barrett of P.O. Box 207, 128 Queen Victoria Street, London, EC4P 4JX, the Liquidator of the said Company, to send their names and addresses and particulars of their debts or claims, and of any security held by them, and the names and addresses of their Solicitors (if any), to the undersigned, and if so required by notice in writing from me, the said Liquidator, are by their Solicitors or personally, to come in and prove their said debts or claims, and to establish any title they may have to priority, at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved, or such priority is established, or, as the case may be, from objecting to such distribution.

Dated this 22nd day of December, 1981.
A. J. BARRETT
Liquidator

TRADINVEST BANK AND TRUST COMPANY OF NASSAU LIMITED
US$150,000,000 Floating Rate Notes 1981/1989
Retractable at Noteholder's option in 1987
Guaranteed by
ENTE NAZIONALE IDROCARBURI —E.N.I.

Bondholders are hereby informed that the rate applicable to the first period of interest has been fixed at 14¼%.

The coupon No. 1 will be payable on the 17th June 1982 at the price of US$729.90 representing 182 days of interest, covering the period as from 17th December 1981 to 16th June 1982 inclusive.

The Reference Agent
CREDIT LYONNAIS—LUXEMBOURG

COMPANY NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA/UNITED KINGDOM FREIGHT CONFERENCE
NOTICE TO SHIPPERS AND IMPORTERS
FUEL COSTS

The member Lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes ports have continued to monitor bunker costs on a monthly basis and the result of this monitoring shows that the position as at 15th December justifies a small reduction in the present level of bunker surcharge. At the same time the calculations shows that the previously existing surplus that had accumulated in the Lines' recoveries has now been eliminated and in accordance with the agreed Conference bunker resolution the Dirs. 1.00 surplus elimination reduction in the applicable figures which was announced in the Conference Circular issued in June 1981, and has been in effect since that time, is no longer appropriate and will be reinstated in the bunker surcharge to apply from 15th January 1982.

Accordingly with effect from 15th January 1982 the bunker surcharge applicable will be revised to the following basis:—

Dirs. 7.70 per ton weight (1,000 kilos) } as freighted
Dirs. 5.50 per ton measurement (cubic metre) }

Minima for containers moving under services 1 and 2:—

20' containers .... Dirs. 91.50
40' containers .... Dirs. 135.00
Maximum per container .. Dirs. 247.50

The bunker surcharge will continue to be exempt from the Conference currency adjustment factor and will not apply to the Toronto/Hamilton additionals.

Any future changes to the bunker surcharge resulting from the monthly monitoring will be announced as and when warranted.

Atlantic Container Line G.I.E.
Canadian Pacific Steamships Ltd.
Dart Containerline (Canada) N.V.
Hapag-Lloyd AG
Manchester Liners Ltd. } Joint
Golden Cross Line Ltd. } Membership
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.,
Secretaries.

Canard Building,
Liverpool L3 1DS.
December 1981.

PORTUGUESE GOVERNMENT
3% EXTERNAL DEBT 1902

In accordance with the Law of the 14th May 1902 and the Decree of the 9th August of the same year the Sinking Fund instalments due 1st January 1982 have been effected by the Junta do Credito Publico in Lisbon as follows:—

1st Series Bonds

Purchases in the market consisted of 1 bond of £20.00 and 4 bonds of £100.00 each, totalling £420.00. The Balance of the instalment was made up by the drawing in Lisbon on 20th November 1981 of 900 bonds of £20.00 each and 280 bonds of £100.00 each, having a total value of £47,000.00

2nd Series Bonds

Purchases in the market consisted of 15 bonds of £19.18s.-d. each totalling £295.10s.-d. (Decimal equivalent £298.50). The balance of the instalment was made up by the drawing in Lisbon on 20th November 1981 of 250 bonds of £19.18s.-d. each having a total nominal value of £4,975.-s.-d. (Decimal equivalent £4,975.00).

In accordance with the terms of the General Bond, bonds of this series are repayable at a premium of 25% on their face value.

3rd Series Bonds

Details of the drawing for this Series will be published separately as soon as available.

The afore-mentioned drawn bonds are repayable from 1st January 1982 to 31st December 1988 and those stamped by the Portuguese Financial Delegate for payment in sterling may be presented for repayment at the Securities Department Counter of BARING BROTHERS & CO. Limited, 8 Bishopsgate, London, EC2N 4AE, where lists of the numbers of the bonds and lodgement listing forms for the drawn bonds may be obtained.

NOTICE OF PURCHASE
OLIVETTI INTERNATIONAL S.A.
9½% Guaranteed Notes due 1984

Notice is hereby given to Noteholders of the above issue that during the six month period ending on 30th November, 1981 U.S.$1,500,000 nominal amount was purchased in the open market. U.S.$26,500,000 nominal of the Notes remain outstanding.

Union Bank of Switzerland (Securities) Limited
London, December 1981

PUBLIC NOTICES

METROPOLITAN BOROUGH OF SEFTON
Variable Rate Redeemable Stock, 1983

The Council of the Metropolitan Borough of Sefton announces that the half-yearly payment of interest due on June 29, 1982, on the above stock will be at the rate of £8.375 (less income tax) per £100 stock.

GARDENS TODAY

How my plants were given a taste of high living

BY ROBIN LANE FOX

LOOKING BACK over the past year, I must congratulate my garden for leaving me with any pleasant memories at all. The early spring was very wet, early summer little better. The drought from July to September has faded from most people's minds. The rains then restored the balance before they turned to snow and left us with the sharpest winter since 1962/63.

It is no use pretending that our gardens will brush aside these recent frosts. I can already see some major casualties, especially in my pride and joy, a huge bush of the scented white evergreen Escallonia Iveyi which seems to have died back totally beside my front door.

There will be plenty of time for us to repeat the only honest advice gardening columnists can offer: Do nothing quickly; time will tell. Shrubs have a marvellous art of sprouting from their roots. Meanwhile, I would like to look back to two happy experiments in 1981.

This was the year in which I set out to enjoy the contrast of two different flower beds. Earlier in the season I packed one with gravel, ashes, and a low percentage of rich soil. In spring I arranged for a bed of pig manure which had been shredded into a fine brown powder and could be mixed with my local heavy loam.

The pig manure deceived me. It looked so spongy and well-worn that I exceeded all the limits and left myself with a bed of such intense concentration that the mixture gave me a rash when I weeded it. Experiment seemed more interesting than correction, so I let the mistake stand.

It is too early to pass judgment on the ashes, except to say that they suited the silver-leaved plants and that I had brighter and better growth on all artemisias, silver convolvulus and various helichrysums. Saxifrages have taken it to heart and are joined by many small alpines, yellow Onosma, yellow flax, salmon-pink Diascia and various forms of thyme.

The colour scheme was horrible and somehow some bindweed crept in with the ashes laid beneath. The frost, I fear, will have affected many of the silver plants, but I will extend the experiment next year and see how many other types of high alpine will flourish if grown in very dry and sparse conditions.

The other bed has been more interesting. Perversely, I decided to test the wisdom of all the books and begin by planting it with the new sorts of sweet pea. These were thinned out in April the night before that astonishing fall of late spring snow which non-gardeners are sure to have forgotten. At first, I blamed the snow, but by August it was quite clear that the experts were right.

Too much nitrogen and too rich a diet burns up the greenery on these members of the pea family. I was left with few flowers and some miserable plants, streaked with brown scorches all over their leaves. Exhibitors feed their sweet peas very heavily and sometimes dig a deep trench for rotted manure beneath their roots. But this feeding has to observe a limit and my hopes of confounding them by doubling the food came to the end which all scientists predicted.

There were successes, however, which made up for this. I have never grown such wonderful hostas as in this festering heap of shredded pig-manure. Throughout the summer, the colour persisted in the leaves of the variegated forms and was matched to a luscious green which I have never seen before in this family.

Everybody knows that hostas respond to manure but I doubt if they realise how much manure is needed to bring them to their best. London gardeners might note that my mixture was about 75 per cent pig manure when the hostas were happiest. In a raised bed, edged by planks, the plants were spared the attention of slugs.

Last summer, the prize in the pig bed went to my new verbenas. I fear that the frost may have shaken them, but I have never seen such plants of the old and neglected Corymbosa form. One taste of my pig manure, and they ran in all four directions rooting delightedly wherever they could and turning a deep green in their leaf which itself gave me a slight skin rash when I touched it. After one season, one young plant could have given me 50 more rooted pieces.

It also flowered beautifully and held its loose heads of violet-blue flowers all over the plant in late summer. Handbooks mutter about its untidiness and its taste for a well-manured site. They were not thinking of pig manure. If you raise the manure to the heights, this untidiness turns into a strong, firm growth and a mass of valuable flower.

It may be coincidence that the only old roses to root into this red-hot mixture were the ones which showed no trace of mildew and blackspot and flowered very freely above leaves of a strong dark green.

About the iris's leaves, there could be no mistake. You know my liking for small variegated irises, especially the white striped form of the small pallida. In pig manure, they are better still. The green deepens with the nitrogen and the ivory-white comes up polished. The plain blue-grey leaf of pallida itself was equally handsome.

Double blue Geranium pratense grow roots which resisted all my efforts at removing them. I had put the plants too near the front of the bed, but it flowered madly. Violas and violets were less happy than expected, but the best violet-blue Michaelmas daisy showed its proper paces, the hybrid form called Frikartii which was clearly bred for a pig-sty.

Nitrogen would normally improve all sorts of lush green leaf, but whatever my pigs had left to be shredded, it is clearly no obstacle to flowers. I have now crammed some new sorts of the hybrid Day Lily into the holes left by my failed sweet peas. I have always suspected that they would flourish if fed beyond the usual limits.

For 1982, I am wondering about delphiniums and I scour the lists for plants called gross feeders. Peonies might be possible and I cannot resist an experiment with some of the small Daphnes especially the scented evergreen Retusa which is the easiest of the bunch. As the snow melts and time passes, the manure will probably cool down and fade away.

Some of the nitrogen may wash out and the mixture will gradually flatten into soil like a heavy sponge. 1981, for me, was not just the year when I tried out a spartan bed of ashes and began to see how plants would flower if starved. It was also the year when my pig-bed was at full strength and when my plants had a taste of high living which I doubt if anyone else in the country equalled during that season.

'White Sphere' disrupts communications in central England

TRAFFIC on the M6 near Birmingham last night came to a complete halt when motorists left their cars to gaze at a 'white sphere' in the sky overhead.

People on the scene said the object had a similar appearance to the moon. However, when it began to move across the motorway, it was realised to be much smaller and closer.

The road was bathed in an eerie white glow and for the period the 'sphere' was in view, it was almost as bright as day.

Then, just as mysteriously as it had appeared, it moved away at great speed in an easterly direction.

Police who arrived shortly afterwards on the scene, said they would be notifying the local RAF station at Mildenhall.

So far no official notification of any such sightings has been received. ITV stated last night that they would be interviewing people who had actually witnessed the event.

The scene on the M6 last night.

Surveillance helicopter downed

A HELICOPTER leased to a local radio station suddenly vanished in mid-transmission yesterday.

The pilot was monitoring road conditions in central England when he abruptly went off air.

Reports are coming in of a similar helicopter causing some damage to a field of sprouts near Weobley in Herefordshire when it made a forced landing.

Inner cities 'need help of private industry'

By Robin Pauley

BRITAIN'S LEADING private-sector industrial companies will have to intensify their commitment to solving inner city problems if the danger of urban riots is to be reduced, says a report published today.

The large companies are becoming increasingly active in making finance, secondments and management expertise available to help small companies in urban areas, says the report by the London Enterprise Agency (LEA).

But it warns that there will inevitably be more unrest in deprived inner-city areas unless this commitment is expanded in the long-term.

It quotes Mr Leslie Sloite, vice-president of RCA of the U.S. as saying that after a high level of activity in community involvement by large companies following the serious U.S. riots of the 1960s, interest palled.

As the cities cooled and other pressures on corporate leadership increased, the large corporations, with a few exceptions, pulled back from the intractable problems of the inner cities. But in those areas of the U.S. where there had been a continued steady commitment by the private sector, the hard work was bearing fruit in successful local projects.

LEA was established in 1979 with support from nine companies. Now it enjoys the support of 15 big corporations in its work to link the public and private sector.

Its major recommendations include:

● A review of the UK fiscal law to allow corporation tax relief for contributions made by companies to inner urban projects or enterprise agency initiatives.

● A change of UK charity laws to enable enterprise agencies and trusts to operate as true charities with consequent tax incentives.

● Inducements to public land owners to play a more constructive part in encouraging the private sector to develop unused sites at the heart of UK towns and cities.

● Closer co-operation between planning authorities and companies to produce more imaginative and successful renewal of town centres.

● The introduction of a form of public law status, as it operates in France, West Germany and Holland, to give local chambers of commerce statutory backing and obligatory funding by commerce, requiring them to be consulted in the formation of economic policies and enabling them to undertake the development and management of specific projects such as factory estates.

● The formation of something similar to the U.S. national advisory panel of local and state officials and leaders of private industry to improve development policies.

The Private Sector and the Inner City, £5: London Enterprise Agency, 69 Cannon Street, London EC4.

Telecom outlines price cuts

By Jason Crisp

BRITISH TELECOM yesterday announced details of planned cuts in the price of international calls to North America and inland trunk calls of more than 35 miles. The cuts will take place next year.

The reductions were first announced last summer when British Telecom applied for tariff increases which took effect on November 1. It says the cuts are not being introduced until next year because it has to meet the Government's profit targets for the financial year ending March, 1982.

British Telecom is readjusting prices to match costs more closely. At present international and trunk calls subsidise loss-making local calls.

From February 1, telephone charges for dialled calls to North America and the Caribbean will be between 25 and 30 per cent cheaper than they were before November 1, when they went up. A three-minute call to New York will cost £1.88 at standard rate and £1.49 at cheap rate from February. At present they cost £2.82 and £2.23.

Inland dialled trunk calls are being cut on May 1 although the reduction will not make them any cheaper than before they went up in November.

BL aiming for 20% market share

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL CLAIMS to have stopped the downward trend in its car sales in the UK, and aims for a 20 per cent market share in 1982.

It claimed to have pushed up its market share by one percentage point to more than 19 per cent this year, while unit sales rose by 8,500 cars to more than 283,000.

BL Cars was hoping to reach a 20 per cent market share this year, but the total market was higher than it forecast at the beginning of the year. So the company's unit sales were not far short of those predicted last January.

In 1980, its penetration fell to 18.22 per cent.

The company pointed out yesterday that it was the only UK-based car manufacturer to have boosted its market share and sales volume in the highly competitive conditions this year.

Ford of Britain also improved its market share, but not by enough in the face of a 2 per cent decline in the total market to increase its unit sales.

BL's forecast for 1982 is in line with that recently given by the Society of Motor Manufacturers and Traders, which said new car sales should reach between 1.52m and 1.55m against 1.48m this year.

This indicates BL Cars expects an increase of more than 20,000 in unit sales in 1983 to achieve its target.

The objective seems optimistic because the company has phased out the MG and Triumph sports cars as well as the Maxi while output of the Allegro is due to end in March.

But the "facelifted" Rover saloons are to be launched early in the new year while the Austin Ambassador, the revamped Princess range, should be available by March.

BL Cars already has a £1.5m order from a UK customer for the new Rover even though the model still has to have its formal launch.

The company expects to see the work put into its continental operations pay dividends in 1982. Metro sales should continue to grow while the impetus should be kept up with the introduction of the Triumph Acclaim in March followed by other models such as the improved Rover.

Mr Tony Ball, chairman and managing director of BL Europe and Overseas, said: "Our achievements in 1981 have reversed the trend of declining sales for BL Cars.

"Although we expect 1982 to be just as competitive as this year, I am confident that we can continue to expand our business."

BP plans to spend £75m on energy saving

BY RAY DAFTER, ENERGY EDITOR

BRITISH PETROLEUM plans to spend £75m on energy saving in the next three years. About £60m of the money will be invested in refineries, the rest in chemical plants.

BP is trying to cut its energy consumption by a further 10 per cent up to 1985. The target follows a planned reduction, already achieved, of more than 15 per cent in group energy use in 1973-1980.

BP estimates that it saved £178m in fuel and power costs in 1980, the last year for which complete figures are available. The savings were calculated after allowance was made for changes in scale and methods of operation.

During the past year an additional £23.2m has been spent on conservation measures in refineries and chemical plants, to reduce energy consumption per unit of output even more.

The figures are disclosed by Dr Jack Birks, a BP managing director, in a special report on the progress of an internal energy-saving campaign launched in 1976.

The report shows that after allowing for lower throughputs and processing changes, the group's refineries used 17.5 per cent less energy in 1980 than in 1973. This provided a saving of £83m.

Savings in BP Chemicals were about £37m in 1980 as against 1973.

In the North Sea increased use of natural gas, which would otherwise have been flared and wasted, sharply reduced oil consumption on production platforms.

Offshore supply boats also achieved some 35 per cent of savings through slow-steaming and improved scheduling.

In the company's buildings in London and at Harlow, Essex, savings of 24 per cent were achieved for electricity and 37 per cent for fuel.

A computer system being installed to control lights, heating and air-conditioning should bring about a further 5 per cent saving in fuel, BP said yesterday.

Group research scientists had stepped up their evaluation of refinery burners in a move which should yield additional savings, the company added.

BP's energy conservation drive is part of an oil industry movement to save fuel.

Refiners and petrochemical processors are major consumers of energy. For instance, fuel may account for up to 50 per cent of total refinery operating expenditure, whereas a decade ago it was less important than labour and other operating costs.

In a report published earlier this year the Royal Dutch/Shell group said that it had achieved savings of about 20 per cent in 33 refineries operated outside North America in the period 1972-80.

The group had set a target that by 1985 would reduce energy use in these refineries to only 65 per cent of the requirements expected in 1972.

● Total energy consumption, seasonally adjusted and temperature-corrected, fell 2.3 per cent in the three months to end-October against the 1980 figure, the Department of Energy said yesterday. Average monthly consumption in the period was 186.1m tonnes of oil or oil equivalent (190.6m tonnes). Consumption of petroleum fell 6.1 and coal 0.1 per cent.

Texan troubleshooter aims to tame burning oil well

BY RAY DAFTER

A TEXAN oilfield troubleshooter, Mr "Boots" Hanson was last night preparing to bring a burning oil well in central Yorkshire under control.

A 100-foot flame was still being fed by an underground gas reservoir, eight days after Taylor Woodrow Energy, the operators, encountered a well blow-out.

Taylor Woodrow said last night that it could take several more days to clear the site and prepare the rogue well for capping. "You cannot do these operations overnight. We had no specialised equipment on the site."

Oil exploration began at the Hatfield Moors site, east of Doncaster on December 12. Nine days later the drilling team unexpectedly encountered a small gas pocket. One man was slightly injured and the drilling rig was wrecked.

Members of the drilling consortium are: Taylor Woodrow Energy (14.25 per cent), Candecca Resources (41.25 per cent), RTZ Oil and Gas (25 per cent), Haoma North West Oil and Gas (10 per cent), and James Finlay and Company (9.5 per cent).

● Camborne School of Mines has completed the drilling of two deep wells in Cornish granite as part of a geothermal energy research programme being conducted for the Energy Department and the EEC.

The project team drilled a total of 14,157 ft in the two wells in 127 days. The team said the results had provided an encouraging start to a project which aimed to use natural underground heat for energy purposes.

OFT bans pact on aluminium ingot prices

By David Churchill

A PRICE-FIXING agreement between the alloys division of British Aluminium and four other companies was yesterday banned by the Office of Fair Trading.

The OFT formally put details of the agreement between the companies on the register of restrictive trade practices in London.

This procedure officially declares the agreement void and opens the way for any legal action for compensation to be started in the civil courts.

According to the OFT, the agreement covered five companies. These were Alcan Enfield Alloys, BKL Alloys, the British Aluminium Company (Alloys Division), J. Frankel (Aluminium), and International Alloys.

Buoyant start to winter sales

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MANY large department stores in city centres yesterday reported a buoyant start to their traditional post-Christmas sales.

Selfridges in London's West End—the largest store so far to start its sale—had more than 250,000 customers by lunchtime and expected to take more cash than on the first day of its sale last year.

In Manchester, Glasgow and Birmingham there were similar reports of crowded department stores and scuffles for the best bargains.

However, some retailers are still worried about the outlook for consumer spending. Many are reluctant to speak of signs of recovery in spending shown by the sales, and many point out that crowded department stores on the first day of the sales may not mean any dramatic upsurge in general consumer spending.

Retailers remain worried that the continuing high level of unemployment and squeeze on disposable incomes will mean a fairly bleak year ahead for most stores.

It is also felt that many of the bargain sales operated by the chain stores will have significantly less impact than those of the department stores, which can afford to make special offers for publicity.

Selfridges attracted most of this publicity yesterday with a 20-piece band heralding the start of its sale. The best bargains were in furs—where mink jackets were reduced from £1,195 to £650—and in carpets and china.

The store said: "People were crawling over each other to get to the china and then running willy-nilly through the store."

Mr Victor Green, who had spent four days queuing outside Selfridges to buy bargains to aid cancer research, was given a colour television by the store, worth about £400, as well as a donation of £750. In addition, he raised about £3,000 in donations during his wait.

Debenhams, which opened its sale on Monday, said it was "very satisfied" with its level of trade. "Things went extremely well and we exceeded our target," said Mr David Pope, controller of sales.

The Argos discount stores chain, which published a special catalogue to publicise its price cuts on 500 lines, said it was particularly pleased with the level of trading. Bedding and other practical goods were among the best sellers.

It said that sales were generally better in the south than the north, a trend reported by other nationwide chains.

Traders call for removal of company cars' VAT

By Kenneth Gooding, Motor Industry Correspondent

THE GOVERNMENT should allow buyers of company cars to claim back the VAT, the Society of Motor Manufacturers and Traders suggests in its pre-Budget submission to Sir Geoffrey Howe, the Chancellor of the Exchequer.

The society also emphasises the need for the Government to provide conditions for a boost to new car sales in 1982 "if motor industry production, profit and employment levels are not to be cut further."

The society, which represents most of the manufacturers, importers and distributors of cars, commercial vehicles and components which operate in the UK, says one important step would be "the removal of the unique discrimination against cars under VAT rules which means that business car purchasers cannot deduct the VAT as an input tax."

The Chancellor is also urged to take the first steps towards removing the Special Car Tax of 10 per cent and relaxing hire purchase controls on new and second-hand cars to bring them into line with those for other consumer products.

The society claims the Government needs to re-examine its strategy for industry as a whole. For example, regional development policies are out-of-date, it says, following the steep rise in unemployment in areas previously outside the scope of regional development legislation.

Shipowners face bigger premiums

By John Moore

AUSTRALIAN shipowners and shipowners who trade with Australia face increases in insurance rates because of the country's poor industrial relations record.

The Strike Club—officially known as the Shipowners' Mutual Strike Insurance Association (Bermuda), the world's largest mutual strike insurance association — has seen a dramatic rise in claims from Australian shipowners in the past year.

Strike incidents in Australia comprised about 43 per cent of the world total for the period 1975-1980. Last year, they increased to 53.45 per cent.

Australian shipowners who are members account for only 10 per cent of the 33m gross tonnage of shipping which is covered by the scheme.

Strikes can affect shipowners in at least three ways. Ships can be confined to port because of a stevedoring dispute or prevented from entering port after a strike because of congestion. Or the shipowners can be hit directly when a crew withdraws labour.

Members of the scheme who do not agree to increased insurance rates may be forced to withdraw. But yesterday, the Strike Club said: "We are confident that we will be able to agree renewal terms satisfactory to both parties

Warning letter to Ford workers

BY JOHN LLOYD, LABOUR CORRESPONDENT

MANAGEMENT and unions at Ford, together with officials of the Advisory, Conciliation and Arbitration Service, believe that the strike called for January 5 will go ahead unless one side makes the kind of concession which both have ruled out.

It became clear yesterday that the unions have agreed in principle to the two most contentious demands in the efficiency package proposed by the company—demarcation and the ending of local agreements during talks at Acas last week, and that the unions place more weight on improvements in hours and on pensions than on the 7.4 per cent pay offer.

Ford's 54,000 manual workers will get a letter from Mr Paul Roots, the company's industrial relations director, today.

He warns the workers that comprehensive changes in working practices must be introduced "if you want your jobs in the future."

Without such changes, "we cannot keep our costs down and you will understand the inevitable result. You have everything to lose and nothing to gain by a long strike."

Ford has decided to open its plants for normal working on January 4, the first working day after the two-week Christmas break.

Earlier this month, Mr Roots had considered telling the manual workers not to report for work on the grounds that the start-up costs after the break were not worth one day's production.

The change of tactic is likely to have been dictated by the hope that workers will remain at work after the official strike date.

Mr Ron Todd, the unions' chief negotiator, said that he had told the company that the unions were prepared to accept in principle two clauses in the draft agreement on productivity which had earlier caused dissension.

These called for an end to demarcation in certain areas, and an end to inefficient local agreements, subject to consultation with local committees.

Mr Todd added that the company's offer to bring forward the reduction of the working week from 40 to 39 hours from January 1983 to November 1982, and to look again at pension payments, were token gestures, but more radical movements might receive a positive response. These issues were more important than an increase in the 7.4 per cent pay offer, he said.

In the face of the company's continued statements that its package was final, Mr Todd said that the unions were willing and able to "sweat out" a long strike as the company.

"They are banking on hard conditions and unemployment to break the strike. But we are well prepared."

Mr Todd has had assurances from continental unions that they will not allow extra production of Ford vehicles for the UK markets. He said that dockers and transport drivers organised by his union, the Transport and General Workers Union, would be asked not to handle Ford products from the beginning of the action.

Electrical contractors reach pay agreement

BY OUR LABOUR CORRESPONDENT

A pace-setting agreement covering 42,000 workers in the electrical contracting industry has been concluded by the Joint Industry Board, on which employers and the Electrical and Plumbing Trades Union are equally represented.

Under the two-year agreement workers will receive rises worth just under 10 per cent over nine months (7.5 per cent over the year).

Apprentices, who account for 25 per cent of the workforce, will have their rates frozen over the two years. Travelling time is cut by one quarter, but death benefits and lodging allowances have been increased.

The Electrical Contractors Association said yesterday that it expected costs to the industry to increase by between 5 and 5.5 per cent.

Electrical contracting workers include electricians and plumbers on power station and petrochemical sites, and maintenance electricians and workers in building contracting companies.

The main features of the award are:

● The settlement date is being delayed from January to April in 1982 and 1983.

● Increases in basic hourly rates will work out at just under 10 per cent from April 1982, with the same rise in 1983: this means about 7.5 per cent above 1981 rates.

● Travelling time—the period which a worker is assumed to require to travel to work, and for which he is paid at full rates—is to be reduced by a quarter.

● Apprentice wages will remain frozen throughout the two-year period of the agreement, "pending the outcome of current discussions on the industry's new training initiative."

The effect will be to widen considerably the differential between apprentice rates and those of time-served workers.

Mr Jack Newby, the ECA's director, said the two-year agreement would allow contractors to maintain stability in the industry.

He added: "Electrical contracting is likely to emerge from the recession a little later than others, hence the delayed introduction of the new package which, while giving our craftsmen real return for their skills in terms of basic rates and benefits, will also help employers over the next critical months."

White collar union predicts increase in jobless in 1982

BY OUR LABOUR CORRESPONDENT

A MAJOR white collar union has warned that unemployment will rise in the coming year, inflation will remain at between 10 and 11 per cent and consumer demand will fall.

The Association of Scientific, Technical and Managerial Staffs says, in its current Quarterly Review, that the December 2 mini-budget confirms the failure of Government policies.

"Government economic policy is not working, even in its own terms and to compensate, the Chancellor has made the depression even more severe while lengthening the period of its duration."

The main predictions in the review are:

● Registered adult unemployment will rise to 3.25m by the end of 1982, while the number of people who would like to work but cannot find a job will rise to over 4.5m.

● Since public expenditure forecasts have been made on the "unrealistic" basis of a 4 per cent increase in public sector wages and a 9 per cent overall inflation rate, there will be a "very heavy real squeeze on public sector services and capital projects."

● Output next year will remain at the 1981 level. Exports will rise and an end to heavy destocking will increase demand, but a slump in consumer spending will weaken it.

● The fall in manufacturing investment will be checked in 1982 but—because it has been falling throughout 1981—it will be 5 per cent below 1981 levels.

● Increases in mortgage interest payments, telephone charges, petrol and energy prices, council house rents, tobacco and alcohol in 1982 will combine to keep the inflation rate at between 10 and 11 per cent.

● The sale of profitable public sector assets—such as parts of the British National Oil Corporation and British Gas — will relieve the public sector borrowing requirement in the short-term but greatly reduce Government revenue from 1983 onwards.

● A "superficially reflationary" budget is considered likely in the spring. However, "if the net injection (into the economy) is restricted to only £2.5bn, the overall thrust of fiscal policy will remain deflationary as it would have to go some way beyond this before the thrust of policy became even neutral."

On collision course over rail productivity

Philip Bassett on the background to Aslef's strike decision

YESTERDAY'S strike decision by the Associated Society of Locomotive Engineers and Firemen over British Rail's refusal to pay the second stage of this year's pay deal to the train drivers' union will again call into question government investment in the industry.

Both the BR board and the three railways unions agree that further government investment —and in particular central funding of a large-scale programme to increase electrification of the railway network— is essential for BR's survival.

Yet ministers have consistently made it clear that BR must improve its poor productivity, and that increases in electrification will be linked directly to improvements in productivity. While the causes of the present dispute are complex, this key question of productivity is central to them.

While the unions may grumble that ministers have not been as forthcoming as they would have liked over further investment, the Government in its own terms is keeping its word.

Last week Mr David Howell, Transport Secretary, announced approval for a £30m electrification scheme in East Anglia, less than an hour after the executive of the National Union of Railwaymen, BR's largest union, had agreed to its version of the productivity changes upon which the present dispute with Aslef resolves.

Mr Howell said the scheme was "an acknowledgement of the progress which the board has already made in generating resources for investment through improved productivity. I welcome particularly the NUR's agreement today to the new arrangements for variable rostering. This must be recognised as a major advance."

In annual pay deals over the past three years, BR has tried to tie the unions down to changes in working practices in return for a percentage improvement in pay. Each deal has been greeted with euphoria; each has failed to live up to its promise.

Difficulties arose early over this year's deal. The unions' joint claim for a rise of about 13 per cent prompted a pay offer from BR of 7 per cent.

The issue was referred to the industry's arbitration tribunal—a worrying move for BR, because although the tribunal has been in favour of BR by about 3-2 in its 75 major pay awards, according to confidential government figures, BR stressed that even 7 per cent was a "high risk" offer when facing a record loss of £140m this year.

Its fears were confirmed when the tribunal, chaired by Lord McCarthy, not only proposed a two-stage offer of 8 per cent plus 3 per cent—an extra cost of about £56m to take the overall cost to about £170m—but did not link it directly to improved performance.

BR told the unions that it would not pay the 3 per cent without written acceptance of far-reaching productivity improvements on manning and efficiency. The two manual unions replied by calling an all-out national strike.

Eventually, adroit intervention by the Advisory, Conciliation and Arbitration Service caused the threat to be withdrawn. The Acas agreement split the pay and productivity issues, and provided for:

● Pay and Hours. Eight per cent backdated to April 20, the due settlement date, with 3 per cent to be paid from January 4, 1982, but backdated to August 3. The hour-long reduction in the railways' 40-hour working week should also be introduced on January 4.

● Productivity. The deal set two key dates by which some efficiency points—outstanding since last year's pay deal—should be settled: October 31 (open stations, or no ticket barrier collectors; variable rostering, or re-arranging the working day; and single train manning), and January 1, 1982 (pilot schemes on manning freight trains without guards; dual union recruitment to a new "trainman" grade.)

It soon became clear that the October 31 date would be missed. The open station idea was piloted in Scotland, and is under way; and agreement was eventually secured with the NUR on flexible rostering.

Talks with Aslef proved more difficult. The 101-year-old union mixes left-wing politics with craft elitism, and the result is often a proud but stubborn militancy.

The key issue for BR was flexible rostering. It sought an agreement to vary the traditional eight-hour working day in line with fluctuations in traffic. It pressed for a day of between six and 10 hours, but settled with the NUR for between seven and nine hours. Aslef though was insisting that its members had worked an eight-hour day since 1919, and were sticking to it.

BR suggested a return to Acas, but Aslef insisted that the issue had not yet exhausted the industry's own negotiating procedure. Much of the dispute circled on the precise wording of the Acas agreement.

BR said that the agreements were linked, Aslef that they were merely parallel, and committed the union to nothing further than "talks about talks." BR, increasingly worried, warned Aslef by letter two weeks ago that it might have difficulty in paying out the outstanding 3 per cent or implementing the shorter working week for drivers if no progress continued to be made on productivity.

Three days before Christmas —and aware that any ill-timed announcement might provoke a rash of unofficial action which would disrupt holiday traffic— the board wrote again to Aslef, saying that it had decided to act on its warning, and that the pay computers were being reprogrammed accordingly. Furious Aslef leaders responded by recalling the union's nine-man executive for yesterday's emergency meeting.

There is clearly some truth in the private charges of senior BR officials that Aslef is dragging its feet over the issue, and inventing procedural difficulties. Equally, the crucial Acas agreement clearly divides pay and productivity, giving weight to Aslef's complaint that BR, in suspending payment of the 3 per cent because of the productivity talks, has "reneged" on the agreement.

Acas conciliators are standing by if necessary, and Aslef is a past master at the delicate industrial relations art of brinkmanship. But the ramifications of this dispute have rumbled on already for 12 months. Any settlement just to prevent a strike seems unlikely to prevent it flaring up once more.

Vauxhall to bus workers

VAUXHALL MOTORS plans to bus in extra workers to its Luton plant to cope with growing demand for the new Cavalier car.

Up to 200 workers, mainly vehicle assemblers, from the company's plant in Ellesmere Port will be brought by coach to Luton from January 4 and remain there for up to three months.

The company, which has shed more than 8,000 jobs this year, sees the move as solving a labour shortage at Luton and a labour surplus at Ellesmere Port, without having to resort to new recruitment.

So far union officials at the Luton and Dunstable factories have not objected to the plan, because workers at both plants have been guaranteed full pay. Under the scheme volunteers from Ellesmere Port will be brought down each week and returned at weekends.

● Workers at AM Multigraphics, part of the American-owned office equipment manufacturers AM International, have been warned of more redundancies following the loss of 600 jobs at the company's Hemel Hempstead site earlier this year.

TELEVISION

Chris Dunkley: Tonight's Choice

It is to be hoped (no doubt fervently by those running BBC1) that the highspot of today's entertainment will be Tales From The Thousand And One Nights. This two-hour version uses drawings commissioned from Tom Taylor, plus chromakey which lets you float characters and objects in space or through almost any surroundings, and various other electronic effects to enhance a selection of the famous stories. There's a starry cast led by the excellent Frank Finlay, one of the few actors truly to have mastered television, a medium needing an acting style different from threatre, cinema or radio. The stories, which the BBC says are suitable for family viewing, include The Fisherman And The Genie, The Ebony Horse, and Aladdin.

Sharply contrasting with such escapism is an equally long programme on BBC2, transmitted simultaneously, called Global Report. Accurately enough it is described as "an alternative account of 1981." Producer Peter Armstrong spent the year putting together this picture of the world in five parts; four devoted to individuals in the Third World (Honduras, Sri Lanka, Yemen and Tanzania) and one from rich effete Norway.

ITV's biggest offering is the two-hour multi-killing thriller called The Chelsea Murders. Be warned, "an alarming figure in a grotesque mask is associated with each new death."

BBC 1

9.20 am Gymnast. 9.45 The Perishers. 9.50 Jackanory. 10.05 The Perils of Penelope Pitstop. 10.25 Why Don't You . . . ? 10.50 Play Chess! 11.00 Go With Noakes. 11.30 King of the Rocket Men. 11.40 *The Hardy Boys and Nancy Drew Mysteries.* 12.30 pm News After Noon. 12.45 Fingerbobs. 1.00 Behind the Greasepaint. 1.30 An American Adventure. 2.30 "Tommy the Toreador" starring Tommy Steele. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Mighty Mouse. 4.25 *Jackanory.* 4.40 Cheggers Plays Pop. 5.10 The Devil and Daniel Mouse. 5.35 Ivor the Engine.

5.40 News.
5.50 Cartoon (London and South East only).
6.00 *Barney's Choice.*
6.45 Angels.
7.35 Seconds Out.
8.05 Tales from the Thousand and One Nights.
10.00 News.
10.10 Robinson Cruising: Robert Robinson *sets out* on a Mediterranean cruise.
11.05 Iris Williams sings some of her latest songs.
†11.40 Phil Silvers as *Sergeant* Bilko.

BBC 2

10.20 am Gharbar.
11.00 Play School.
†1.30 pm Harold Lloyd in "The Cat's Paw."
2.55 Skydancer.
3.25 Vikings!
3.55 Holiday *Musical:* "Song of Norway."
6.10 Life on Earth.
7.05 *From* Magna Carta to Microchips.
8.05 News Summary.
8.10 Global Report.
10.10 Jack Lemmon in "The *April Fools.*"
11.40-11.55 Late News.

LONDON

9.30 am Magilla Gorilla. 9.50 Bailey's Bird. 10.15 *The History* Makers. 10.40 Survival. 11.05 Welcome Back, Kotter. 11.30 The Ravenswood Experience. 12.00 The Munch Bunch. 12.30 pm Rainbow. 12.30 Freetime presented by Mick Robertson. 1.00 News plus FT Index. 1.20 Thames News with Robin Houston. 1.30 I Really Want to Dance. 2.30 "The *Magnificent* Magical Magnet of *Santa Mesa,*" starring Michael Burns. 3.50 Madabout. 4.15 Witches! 5.15 Champions on Ice.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.35 Crossroads.
7.00 The Krypton Factor International.
7.30 Coronation Street.
8.00 Dizzy Feet.
9.00 Barbara Woodhouse Goes to Beverly Hills.
10.00 News.
10.30 "The Chelsea Murders" starring Dave King, Michael Feast, Guy Gregory, Miranda Bell and David Gant.
12.30 am Close: "Sit Up and *Listen*" with Pamela Stephenson.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
9.30 am Mumbly. 9.46 The Waterfall. 10.05 Thunderbirds. 10.55 The Shadows in Concert. 11.30 The Ravenswood Experience. 1.20 pm Anglia News. 6.00 About Anglia. 12.30 am The Big Question.

ATV
9.30 am European Folk Tales. 9.40 *Something Different.* 9.55 The Little Brown Burro. 10.20 Bailey's Bird. 10.45 Circus. 11.10 The Making of the *Empire Strikes Back.* 1.20 *pm* ATV News. 2.30 The Ravenswood Experience. 3.00 Look Who's Talking. *3.45 Road Runner. 6.00* ATV News. 6.05 Crossroads. 6.30 ATV Today.

BORDER
9.30 am Focus on Wildlife. 9.56 Joe 90. 10.20 At Home with the Spinners. 10.45 World We Live In. 11.10 Little House on the Prairie. 1.20 pm Border News. 2.30 The Ravenswood Experience. 2.55 Chips. 6.00 Lookaround Wednesday. 12.30 Border News Summary.

CHANNEL
1.20 pm Channel Lunchtime News, What's On Where and Weather. 6.00 *Channel Report.* 10.28 *Channel Late* News. 12.30 pm Epilogue followed by News and Weather in French.

GRAMPIAN
9.30 am First Thing. 9.35 How The Hedgehog Grew Larger. 10.00 Thunderbirds. 10.50 Fangface. 11.10 The Making of the Empire Strikes Back. 1.20 pm North News. 2.30 The Ravenswood Experience. 3.00 Look Who's Talking. 3.40 Cartoon. 6.00 North Tonight. 12.30 am North Headlines.

GRANADA
9.30 am Cartoon Time. 9.45 The Waterfall. 10.05 The Adventures of Black Beauty. 10.30 Max and Moritz. 11.10 Chips. 1.20 pm Granada Reports. 2.30 The Ravenswood Experience. 3.00 Charlie's Angels. 6.00 Granada Reports.

HTV
10.00 am European Folk Tales. 10.15 Wonders of the Underwater World. 10.45 Thunderbirds. 11.35 Puff the Magic Dragon. 1.20 pm HTV News. 2.30 The Ravenswood Experience. 2.55 Chips. 5.10 Ask Oscar! 5.20 Crossroads. *6.00 Report West. 6.30 Definition.* 10.28 HTV News.
HTV CYMRU/WALES—As HTV West *except:* 12.00-12.10 *pm Flalabalam.* 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH
9.15 am "Finian's Rainbow," starring Petula Clark and Tommy Steele. 1.20 pm Scottish News Headlines and Road and Weather Report. 2.30 Billy Smart's Christmas Circus. 3.45 Barney Google. 5.15 Teatime Tales. 5.20 *Crossroads.* 6.00 Scotland Today. 6.20 Action Line. 8.30 Tom Weir Trilogy. 12.30 am Late Call.

SOUTHERN
9.30 am Wild Wild World of Animals. 9.55 Bailey's Bird. 10.20 Patterns. 10.45 Tarzan. †11.40 Laurel and Hardy in "From Soup to Nuts." 1.20 Southern News. 2.30 Houseparty. 2.55 Charlie's Angels. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 6.30 Champions on Ice.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 9.30 Cartoon Time. 9.50 Joe 90. 10.15 Morning Movie, "The Christmas Tree," starring William Holden. *1.20 pm North East News and* Lookaround. 2.30 "B.A.D. CATS." 6.00 North East News. 6.02 Crossroads. 6.25 *Northern Life.* 10.30 North East News. 12.30 am The Cleveland Handbell Ringers.

ULSTER
1.20 pm Lunchtime News. 1.22 Cartoon Time. 2.25 The Ravenswood Experience. 2.55 Thunderbirds. 4.13 *Ulster News. 6.00 Ulster News.* 10.29 Ulster Weather. 12.30 am Bedtime.

WESTWARD
9.35 am Look and See. 9.40 Sesame Street. 10.40 The Making of the Empire Strikes Back. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.32 Westward Late News. 12.30 am Faith for Life. 12.35 West Country Weather, Shipping Forecast.

YORKSHIRE
9.30 am World Fairy Tales. 9.40 Sha Na Na. 10.05 Yorkshire Steam. 10.30 *The Grizzly and the Treasure.* 11.55 Wattoo Wattoo. 1.20 pm Calendar News. 2.30 The Ravenswood Experience. 3.00 Chips. 6.00 Calendar.

RADIO

(s) Stereophonic broadcast
‡ Medium Wave only

RADIO 1
5.00 am As Radio 2: 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. *5.00 Peter Powell.* 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel's Festive 50.

RADIO 2
5.00 am Ray Moore (s). 7.30 Terry Wogan (s). 10.00 Jimmy Young (s). 12.00 John Dunn (s). 2.00 pm Ed *Stewart (s). 4.00 David Hamilton (s).* 5.45 News, Sport. 6.00 David Symonds with Much More Music (s). 8.00 *Alan Dell with Dance Band Days.* 8.30 The King's Collection (s). 9.00 The Boston Pops (s). 9.55 Sports Desk. 10.00 Tom Mennard tells *Local Tales.* 10.15 The Baby Grand Song Factory. 10.30 Hubert Gregg says Thanks for the Memory. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (s). 2.00-5.00 You and the Night and the Music (s).

RADIO 3
6.55 am Weather. 7.00 *News.* 7.05 Your Midweek (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer: Elgar (S). 10.00 Music for Organ (S). Lubeck: 10.35 20th Century Christmas Music (S). 11.35 Ravel and Rachmaninov piano recital (S). 12.20 pm City of Birmingham Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 Concert, part 2 *(S). 2.00 Music Weekly (S).* 2.50 Light Music Miniatures (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Equale Brass (S). *5.30 Strings of the Berlin Philharmonic (S).* 6.15 The Gentlemen of the Chapel Royal (S). 7.00 Medium and the Message. 7.45 "The Marriage," opera by Mussorgsky, orchestrated by Oliver Knussen and Colin Matthews, and performed in a translation by Stephen Oliver (S). 8.30 Six Continents. 8.55 A Miner is Approached by Ivor Cutler. 9.00 Franz Schmidt chamber music recital (S). 10.15 Scientifically Speaking. 11.00 *News.* 11.05-11.15 A Finnish Quartet (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 *Today. 8.45 The Giant Under the Snow* by John Gordon. 9.00 News. 9.05 Midweek: Noel Edmonds. 10.00 News. *10.02 Gardeners' Question Time.* 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Baker's Dozen (s). 12.00 News. 12.02 You and Yours. 12.27 The Unrest Cure (s). 12.55 *Weather; Programme News.* 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 *Woman's Hour.* 3.00 News. 3.02 Afternoon Theatre. 3.50 Why Stand So Aghast ? 4.00 Elisabeth Soderstrom (s). *4.45 Story Time. 5.00 PM: News* magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News with Financial Report. *6.30 My* Word (s). 7.00 News. 7.05 The Archers. 7.20 Have a Cigarette ? Smoking—the myths and the reality. 8.05 Street Gospel. Libby Purves explores the art of street preaching. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Quote . . . Unquote. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Flight to Berlin. 12.00 News.

BUSINESS LAW

The year in Europe

BY A. H. HERMANN, Legal Correspondent

IN CONTRAST with their elder *brethren in the UK, the European* judges never had a halo hovering over their heads; and as far as the law-making officials of the EEC Commission are concerned *there was* never even a hint of a halo—in fact they are often visualised with a club foot and a tail, and with budding horns on their heads.

In reality, they are nothing of the sort. *Some of the more* desperate law-making initiatives emerging from Brussels are prompted, not so much by any devilish design, as by the sheer frustration of the worthy men and women who have been trying to forge a Common Market for longer than one can remember and with very little result. The only other (official) outlet for their unspent energy is the defence of personal priorities and prestige. This ranges from fighting the administration for offices with as many windows as corresponds to the occupant's rank, to taking their complaints to the European Court.

A good example is the complaint recently made by an official who, after 20 years' service as head of the work safety division, was re-assigned to be legal adviser to the entire *directorate when his division* was merged with another. Those living in the harsh world outside the Commission's skyscrapers may have some difficulty in realising why such a transfer should be so painful as to justify long litigation in Luxembourg. But Herr *Gunther Arning,* the official concerned, complained that he was not properly consulted beforehand and that the reasons for the transfer were not immediately communicated to him in writing. This delay *left matters uncertain for a* period of time during which *people* could wonder whether perhaps his demotion was not due to professional shortcomings or undesirable behaviour.

In her Opinion, Mme Simone Rozes, an advocate-general of the European Court, concluded that the *decision by which Herr* Arning was transferred should *be declared for these reasons* null and void and that the Commission should be ordered to pay one ECU in recognition of the moral damage caused to his honour and esteem by the faulty procedure.

The case illustrates not only a somewhat exaggerated importance *attached to personal* prestige, but also that a long, or even *permanent,* tenure of an assignment is considered *normal. One wonders whether* a greater mobility of the officials, as usual in the British Civil Service, would not give the Commission's servants a wider *outlook and greater flexibility,* preserve their learning capacity and enable them to give up their particular hobby-horses when these become useless to the Community.

According to the Confedera*tion of* British Industry, the weight of EEC irrelevance is actually damaging things that matter. A CBI report suggested that before launching a new *legislative initiative* the EEC Commission should make a cost-benefit analysis and give priority to measures which contribute most to the freeing of trade and have the best chance of approval.

This applies also to the Commission's efforts to harmonise *safety and health* standards to remove hidden barriers to trade. These standards are difficult to agree and, if agreed, are not always respected, as illustrated by numerous *European* Court judgments listing *directives* which Italy failed to implement. The Commission has, however, been more successful in its attack on the barriers to trade erected by *individual companies. After* fines running into millions of *pounds were imposed on* manufacturers of hi-fi, sanitary products, automobile tyres and even a French Champagne house, companies will think twice before prohibiting their distributors in one member *state from exporting to another.*

The Commission is also considering changes to Regulations 67/67 which exempts certain exclusive dealing agreements from prohibition until the end of 1982. The intention seems *to be to withdraw the exemption* from multi-stage networks *whenever cross-frontier trading* does not develop and to eliminate long-term exclusive purchasing obligations. A draft regulation has been prepared to allow brewery-tying contracts with public houses but solus agreements *of the oil* companies may cease to be *exempt in three or four years.*

With much help from the European Court the Commission has now made operations easier for parallel importers who profit from the different price levels maintained by appointed distributors in different member countries. Different price levels *may be due to direct or indirect* price control and registration requirements as in the pharmaceutical field, or just to differences in purchasing power and marketing arrangements. Such is the case in the distribution of motor cars and audio-visual devices. The Commission is *opposed* to selective distribution networks but is prepared to accept them for vehicles on the grounds of safety. It has drafted a group exemption *which includes a provision that* the exemption will be suspended when recommended prices for a particular model differ between member countries by more than a certain percentage.

In the area of legislative efforts aiming at a harmonised institutional and financial infrastructure of the Community, the Commission came up against a particularly *loud* opposition with its proposals aimed at securing the participation of workers in management and the information of trade unions about world-wide operations and plans of trans-national companies.

The Commission and the European Court made substantial progress in the field of equal pay for women. The case law of the European Court elaborated the general principle *included in the EEC Treaty and* made it directly applicable by national courts. The Commission is now preparing further legislative moves to consolidate these gains.

In October the Commission published a draft directive for the consolidation *of reports on* EEC-wide operations of credit and banking companies. At present such companies doing business in more than one member State are subject to separate supervision in each of these states, and *their home state has* only a partial picture of their business. The drafting of this project has been much criticised and it will take some time before it matures. But in the meantime the European Court has ruled that parallel action by banks which deduct certain com*missions for inter-state transfer* of funds is a concerted practice prohibited by the EEC Treaty if it affects appreciably the competition between banks.

All was quiet on the antitrust front. The recession and the *trade offensive of Far Eastern* exporters and the near trade war between the U.S. and Europe make restructuring of industry imperative and *diverted attention from mergers* and monopolies to anti-dumping measures. *One cannot see that* this would have resulted in *much happiness* all round but the Commission can hardly be blamed for this, at least not entirely.

RACING

BY DOMINIC WIGAN

BARON BLAKENEY, who proved there was no fluke about *his Daily Express Triumph* Hurdle victory last spring when he ran another tremendous race under less favourable conditions in Aintree's Sean Graham Hurdle, reappears at Fontwell today.

With soft going inevitable on the Sussex track, he must be the one they *all have to beat in* the Salmon Spray Pattern *Hurdle, from which* Broadsword, his old foe, was one of eight to come out at the final declaration.

Baron Blakeney, who was attempting to give Broadsword and runner-up Kolme 4 lb and 7 lb respectively on ground faster than he appreciates at the Grand National meeting, tackles 2¼ miles for the first *time this afternoon.*

No one should question his staying power. Despite being out of Teleflora, the Princeley Gift mare, Baron Blakeney's principal forte is his stamina, as he showed *when* landing Epsom's Great Metropolitan.

Pride of Tennessee, who came to grief through sloppy jumping on all his appearances last season, will have gained a much-needed confidence booster from his recent trip to Huntingdon, where he jumped boldly in front *to win much as he pleased.*

With that effort behind him, George Strawbridge's eight-year-old will prove a formidable *proposition for his 10 opponents* in the Whitelaw Challenge Cup, *won a year ago by* Physicist, his stable companion.

Dr Steve lost a winning chance at Folkestone a month ago through blundering at the fourth in an 18-runner novices' event which went to Hiz, his market rival. He can turn the tables on 9 lb better terms without too much trouble. Indeed, a greater threat is probably Thaumaturge.

FONTWELL
1.15—Baron Blakeney*
1.45—Pride of Tennessee***
2.15—Dr Steve**
2.45—The Herb

Energy Review: Yugoslavia

By Aleksandar Lebl in Belgrade

Continuing burden of oil dependence

WINTER came early to Yugoslavia this year with high winds and heavy snowstorms, especially in the mountainous regions which cover more than half the country. If it continues this way power cuts, voltage reductions and *general energy* shortages are unavoidable.

The immediate *cause of* shortages is the lack of foreign exchange to pay for imported oil and to a lesser degree coal. A decision by the federal authorities to reduce the balance of payments deficit to U.S.$1.8bn this year and to less than $1bn next year from $2.3bn *in 1980 and $3.7bn in 1979 does* not allow for larger allocations *of foreign exchange* for imports which would alleviate the situation. But the real roots of the problem are much deeper.

It all started in the 1960s when, as in many other countries cheap oil ruined local collieries. *Coal as an energy* source was too expensive and imported oil was used instead. Even after the first oil shock of 1973 the economy was slow to adapt to changed conditions and continued to rely heavily on oil.

Yugoslavia *has not* blamed the Organisation of Petroleum Exporting Countries (OPEC) for its difficulties. It has been a staunch supporter of the right of oil exporting countries (in fact of developing countries in general) to manage resources in their best interest—including *the right to try to set prices.* This position is consistent with Yugoslavia's non-aligned policies. Yugoslavia never asked for special treatment from OPEC. But it has been one of those voices which asked OPEC to consider what *it could do to* alleviate the burden of all oil *importing developing* countries.

Yugoslavia is not rich in energy. *But it contains* about 1 per cent of total world energy supplies with a population of slightly over 0.5 per cent of the world's total. However, the composition of these resources is not very good. There is little oil, gas and hard coal but plenty of low grade, brown coal and lignite. There *also* are relatively abundant hydro-energy resources and some uranium ore which can be mined economically.

Prospecting for oil and gas has been going on both offshore in the Adriatic and on-shore, mainly in the Pannonian basin where most finds have been made so far. Some results in *the Adriatic, where prospecting* is being done both by Yugoslav companies alone and jointly with foreign companies, are promising, but no commercial finds have been made to date.

In addition to drilling in Yugoslavia, Yugoslav companies have also been searching for oil abroad, in Gabon, Vietnam, China, Angola, North Korea, Indonesia and Iraq. Recently, oil was found in Angola. Production will start in a couple of years and Yugoslavia's share will be about 10 per cent. On the other hand Yugoslav companies have invited more foreign companies to help explore *in Yugoslavia* and a score have shown interest.

The Yugoslav oil industry *will produce* about 4.3m tonnes of crude this year and this will go up to 4.6m tonnes by 1985 unless new oil is found. Local production can satisfy only one quarter of present requirements which have been cut to the bare bone and the rest has to be imported mainly from Iraq and the USSR at world prices (from the USSR through clearing accounts). Recently some OPEC countries (Iran and Libya) have been offering barter deals.

Supplies of natural gas are better. Local supplies account for almost half of the aggregate consumption estimated at 4.6 trillion (million million) cubic feet in 1981. Gas is imported *from* the USSR but in the future it will also come from other countries, such as Algeria. Imports from the USSR should have amounted *to 3 trillion cubic feet this year* but the pipeline network was not finished on time. Imports from Russia will be 2.5 trillion cubic feet.

There has been talk about lignite gasification but that has *to wait. Also, because of lack* of technology, shale exploitation will not start in the foreseeable future.

The crude oil and gas bill jumped 67 per cent from $1.8bn in 1979 to $3bn last year. If net imports of oil derivatives are added, the 1980 bill was more than $1.225bn higher *for* approximately the same volume if imports. Fortunately, oil prices did not rise in 1981, which will help Yugoslavia's balance of payments. But with foreign exchange scarce *energy imports have* been curtailed.

The petrochemical industry was a major sufferer. Some plants had to stop for a few days and even weeks for lack of naphtha. There was also shortage of jet fuel and many flights had to be cancelled. The *situation has been getting back* to normal except for diesel fuel which had to be rationed in some regions with priority given to farmers to enable them to sow winter crops. There will be continuing shortages of heat*ing oil. There has been enough* petrol, which is a by-product of the way refineries operate in Yugoslavia.

While dollar oil prices remained stable in 1981 they went up in terms of local currency because of the growing strength of the dollar this year ($1 was 20 dinars at the start of 1980, about 30 dinars at the end of it and *is* 39 dinars now). Refineries incurred heavy losses, because of *overcapacity* (agregate capacity amounts to some 28m tones and throughput at slightly over 16m tonnes). Prices of derivatives were increased twice this year and after recent increases one *litre of petrol (super) costs* 28.5 dinars (40 pence).

Coal production will be 9 to 10 per cent higher this year *compared to* 1980. An estimated 51.3m tonnes will reach consumers. But this will not satisfy demand which is some 58.2m tonnes. For 1982, optimistic forecasts are for an output of 62.8m tonnes but realistic ones are rather lower: *some* 59.8m tonnes of which 43.2m tonnes is for power generation. Even this lower figure would mean an increase in production of close to 17 per cent. Almost all of this coal is either brown *coal or lignite which in some* cases has to be dried before use.

A greater increase in coal output is difficult to achieve. Existing underground mines have been neglected for years. Their reserves are not fully known and those that are cannot be profitably exploited with the cost of timber and other materials almost doubling each year. *There has* been a lack of skilled miners. In the past they were poorly paid. Their wages are now among the highest in the country but it is difficult to lure miners back or to recruit young ones.

The future is in open cast mining. In several places, especially in Serbia (south of Belgrade), in the Kasovo autonomous province and in Bosnia-Herzegovina there are huge *known reserves of lignite and* brown coal totalling up to 20bn tonnes. Opening modern new mines, however, requires heavy investment in equipment most of which has to be imported and the lead time is up to 10 years. The same applies to power stations. Local industry *has not mastered production of* equipment for large units because in the past it could be imported from both the West and the USSR under very *favourable credit* terms *which* local manufacturers could not match.

On the other hand, Yugoslav companies are experienced in designing and constructing hydro-static plants both at home and abroad. Manufacturers of turbines, generators and other equipment are capable of making even the largest units. Here again the major problem is finance.

Recent surveys have shown that at present oil and other energy prices the hydro potential of Yugoslavia is 18,200 MW of installed capacity with an annual production of 64bn kWh. So far only 39 per cent is used, i.e. 6,126 MW of installed capacity producing slightly less than 25bn kWh each year. Thus Yugoslavia could get another 40bn kWh of power a year with*out taking into account mini*-power plants on small streams etc.

Other renewable sources of energy have not been tapped and research on their uses is in *its early stage. No doubt solar* energy offers good prospects *given the many sunny days* throughout much of the country. Energy from winds, from the biomass, etc, could also be exploited.

Recently the first nuclear *power plant in Yugoslavia,* a joint venture of two of Yugoslavia's constituent republics, Slovenia and Croatia, at Krsko on the Sava river, started feeding into the Yugoslav electricity grid. It has a capacity of 664 MW. Equipment was delivered by Westinghouse. Construction *was started in 1974 and should* have been finished in five years. Westinghouse and its Yugoslav partners accuse each other for the delay.

Now the Yugoslavs have to decide the future of their nuclear programme. So far only one other site for a new nuclear power plant has been chosen. It will be in Croatia, near Zagreb. Originally the idea was to locate it on a small Adriatic island but local people were adamantly against it.

Many basic questions have to be answered before new nuclear power plans are constructed. At issue is the number and capacity to be built (3,000 to 10,000 MW has been mentioned by AD 2000), the technology to be used, the sources of financing, etc. Many interests are at *stake, which complicate the* issues. Thus, rationality speaks in favour of standardising technology and equipment. On the other hand there is a desire to *diversify supplies of nuclear* fuel and to avoid dependence on any one source.

So far teams from France, Sweden, *Canada and West Germany* have been in Yugoslavia, some more than once, as well as from General Electric of the U.S., Toshiba, Kraftwerk Union, etc. A Soviet team is also due.

The Yugoslavs will insist both on their experts having a say in the design of the plants and their industry supplying a large part of the equipment. This is *not only to save scarce foreign* exchange but also to gain expertise and to enable local manufacturers to produce equipment for both local needs and *exports. Yugoslav companies* already participate in the Comecon nuclear power plant programme on a long-term contractual basis, by supplying steam separators and some other parts (this by the way enhances Soviet *chances of winning* contracts to sell reactors to Yugoslavia). But they see no reason why they should not take part in other programmes as well.

Bob Hutchison

YUGOSLAVIA'S PRIMARY ENERGY RESOURCES
Estimates in m tonnes of coal equivalent

Coal total	6,866
Hard coal	79
Brown coal	1,062
Lignite	5,725
Oil	577
Natural gas	94
Hydro	8
Nuclear	448
Bituminous shale	300

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Financial options at your fingertips

Barry Riley reports on the scope offered for strategic planning by computers

Geoff Smith (left) whose systems for financial planning have been developed by ICL and by Ashley Ward's (right) company, Intelligence UK

MANAGEMENT consultant Geoff Smith claims not to know much about computers! Yet he is the brains behind two computer systems which are designed to bring electronic financial planning to the top executive suites where, so far, it has barely penetrated.

According to Smith—surprisingly not an accountant but an engineer by profession — the marketing of computer programs is the modern way of publishing new management techniques. The launch of the strategic Vision system by ICL's application systems division follows closely on the introduction of a micro computer program called Decision Modeller by an independent software house, Intelligence (UK).

The aim is to make seat-of-the-pants financial planning a thing of the past with the introduction of this new generation of readily usable computer models which allow executives to play around with a whole range of alternative policy decisions. How these decisions affect financial performance is a matter for almost instant display on a screen—one version has the bonus of multicoloured graphics.

Both systems are based upon Geoff Smith's method of ratio balancing and interlinking. Each shift in a variable, whether wage costs, interest rates or average number of debtor days, sends waves through the whole system.

The concept is that after being fed with a series of base year figures the model will allow the user to explore a range of options for achieving targets in year two. This is done without any need for computer languages or programming skills.

Despite the general public impression that everything in commerce and industry is run by computers these days, Smith and his electronic publishers argue that only a very few companies have so far used computers to assist with business and financial planning, except on a very basic level.

According to Alan Johnson, project manager at ICL, the use of computers in the financial area has largely been confined to budget-type calculations. To serve such needs there is a wide variety of business planning languages available on the market, including ICL's own Prosper.

But very few top executives have been using models themselves, with the result that very little strategic work has been done. "Senior executives haven't got the time to devote to creating their own models," he says.

Now the new model, in the context of the much wider availability of VDUs (visual display units) to managers not specialising in computer work, is seen as allowing something of a breakthrough in the strategic planning area.

Over at Intelligence (UK) Ashley Ward emphasies the role of the micro computer in opening up a new market. The introduction of cheap, powerful hardware has made it possible for executives to gain instant access to machines on their desk tops rather than buy expensive time from a bureau or battle through the bureaucracy of their company's own data processing department.

It can therefore come as no surprise that Decision Modeller is exclusively a micro-based product, launched initially during last summer on an Apple but subsequently made available on a Commodore Pet and other popular models.

Vision, however, is confined for the time being to ICL mainframes—though it is planned to make it available on a micro in due course, probably on ICL's recently announced DRS 20.

It took something like three years of talking to computer companies before Smith managed to generate interest for his ratio balancing system. It arose originally out of his enthusiasm for cash flow and valued added analysis.

Smith's computer programs highlight the often dramatic impact of minor changes in, say, stock levels or the length of trade credit. "Customers say it provides a very good way of training people in the importance of small decisions," he comments.

His favourite technique is to concentrate on a measure of employee efficiency—defined as value added per unit of pay—and explore the various policies which might allow this to be improved.

Targets

Smith's computer models, however, are targeted more conventionally around the pre-tax return on capital employed. Thus Strategic Vision, for example, is in the form of a series of screens which take the user step by step through an analysis of the financial flows within the business. Methodically, the model tells the user what are the consequences of changes in his initial targets or assumptions.

In practice, the user will enter forecasts of a series of variables such as pay inflation or interest rates, and will study their impact on the final profit and loss account or balance sheet. The eventual objective is to arrive at a satisfactory financial balance.

Vision is being marketed as a three-tier package which uses the superior capacity of a mainframe computer to permit the incorporation of much fine detail.

The model can be entered at three levels. At the top is Strategic Vision, the module that could in due course be made available on a micro. Next comes Tactical Vision, which allows an organisation to break down its figures into those relating to as many as 99 different products. This makes it easier to appreciate whether the strategic assumptions are credible. Finally there is Budgetary Vision, which copes with routine tasks at the lower levels of the organisation.

Decision Modeller is a very similar system, although it is claimed to offer a degree of extra flexibility to the user in that it is possible to move at will between different screens rather than being limited to a predetermined sequence.

The cost of the full Vision system is some £10,400, though the strategic module on its own is substantially cheaper, and in any case the system is available to rent.

In contrast the add-on cost of the Decision Modeller strategic module is little more than £500, though it can only be used in conjunction with the £425 Micro Modeller program of which Intelligence (UK) has now sold more than 1,000 since last February. Allowing for the microcomputer hardware, if this is not already owned, the total cost for the strategic system would be somewhat over £4,000. Here again, tactical software can be added to broaden the capacity of the system.

Within the past couple of months the initial batch of 100 Decision Modeller systems has been delivered. According to Geoff Smith, users have been surprised and impressed at the way in which different aspeets of a business are shown to depend upon each other.

Big claims are being made for this new electronic style of financial management. "We see the Vision system as being of enormous benefit in assisting organisations to improve their profitability — basically by being able to explore the many alternatives that face them," says Alan Johnson. "At the moment decisions frequently have to be made in the dark."

Senior financial managers will not be quite so eager to accept that they have been guessing wildly. Many of them will no doubt feel that they have been coping well enough on the basis of existing non-electronic systems.

Vision or Micro Modeller cannot tell a top finance man anything new about profitability or cash flow that he ought not to know already. It is his job to have a sensitive feel for the shape of the business. He may also have preconceptions about accounting questions, although Geoff Smith brushes aside as mere quibbles queries by accountants on matters like his definition of value added. Taxation is one area in which the computer models have distinct limitations.

There is no doubt, however, that the new systems offer the potential for rapid and powerful analysis. And they can prove useful in putting over a point of view to less financially oriented colleagues.

Moreover they can have external as well as internal uses, allowing companies to keep track of the prospects of their competitors and suppliers. And although the systems have been designed as management tools, they could have uses elsewhere — for instance in forecasting work by stock market analysts.

So far there is nothing else on the market quite like the Vision and Decision Modeller products, not even in the U.S. In fact Decision Modeller is about to be launched in the U.S. in a slightly modified form, which allows for the different layout of American balance sheets.

Thus the American version will take as its starting point net income in relation to total assets rather than, as in the UK, pre-tax profits as a percentage of capital employed. The next step will be the marketing of a French edition, which of course will incorporate a language change as well as suitable adjustments to the accounting framework.

BOARDROOM BALLADS

UNREAL TIME

There was a time we just remember
When, January to December,
We would make, and pack and sell
And pay a dividend as well;
And most directors, good and bad,
Could multiply, subtract and add,
Or ran their various divisions
With time to take a few decisions.

★

But no one now would dare refute a
Message from his main computer,
Or embark on any caper
Without its thousand yards of paper.
The print-out and the video-scan
Are quite enough for any man,
So no one really could expect us
To read the stuff and be directors.

★

The monster answered us with queries,
Gestating through successive series,
And kept us busy days and nights
Like information phagocytes;
Until we thought we'd end the fuss
And make the damned thing work for us!
A process which, alas, consists
Of hiring systems analysts.

The systems analysts decreed
An urgent, over-riding need
For changing everything we'd got
To ease the information clot—
By relocating functions where
The king computer would prefer;
Which made the hardware more contented,
But everybody else demented.

★

So now we have the finest data
Between the North Pole and Equator,
And the poorest market share
Discoverable anywhere!
Systems chiefs outnumber braves,
Crawling through the architraves,
With, to square the whole equation,
A director of information.

★

We hoped that he might entertain
Our hyper-active Delphic brain,
And might graciously afford us
Time for getting in the orders;
But now we're told the thing that's in is
Apples, micro-chips and minis.
No doubt soon we'll change to them—
Plus ca change, c'est plus la meme!

Bertie Ramsbottom*

** Starting next week, the scope of Bertie Ramsbottom's Boardroom Ballads is being extended by their creator, Ralph Windle, to cover not only boardroom functions but also some of the key issues confronting international business. Himself a former company director, Windle is widely known for his work on business policy at the Oxford Centre for Management Studies and at business schools in the United States.*

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Building costs and VAT

We are registered for VAT having for some years carried on the business of builders, mainly in the jobbing line. In view of the present recession we ceased these operations and concentrated on rebuilding two properties which the writer and his wife own with a view to selling them. The first property was our principal residence and the second was a derelict property we purchased to renovate and move the family into while we carried out works on the first. In both instances the reconstruction of these buildings entailed considerable costs amounting to more than 50 per cent of total building costs and in our opinion these fell within the 50 per cent rule for exemption of major reconstructions and verified costings to this effect were produced for the benefit of Customs and Excise. They have agreed to accept the first and larger property as falling within the 50 per cent rule, but the smaller property in which we are presently living, they have determined as falling outside this rule.

In their opinion the costs which would be attributed to maintenance and repairs should be discounted from the figures, despite the fact that the building was completely gutted and a considerable extension added. Secondly, they maintain that we cannot zero rate the building as we are in occupation, despite the fact that the writer's wife owns the property and paid for the works which were carried out by the writer who is a sole trader.

A supply by a VAT registered builder of services in the course of his business in relation to the alteration of a building where the work does not amount to maintenance or repair is zero rated. In addition materials used will normally be zero rated. The cost of the work is not necessarily important but rather the nature of that work. The difficult point in your question is that the work done might not be in the course of your business which would mean that the input tax relating to the materials used could not be reclaimed by you. You obviously have an argument against this in relation to the second property which is owned by your wife as you would say that you have continued your business and it is irrelevant that your sole customer at the present time is your wife. You do not state who owns the first property but if it is yourself you might have some difficulty regarding this point if it is raised by the Customs and Excise.

Taxation of property

I am considering the formation of a company whose sole activity would be the ownership of residential investment property. Could you please recommend a book on the subject of the taxation problems involved?

Perhaps the best book for you would be Bramwell's Taxation of Companies (2nd edition, with a supplement), published by Sweet & Maxwell (ISBN 0 421 24930 7). You may find this in a reference library as a bound volume of the British Tax Encyclopedia; it is also sold separately.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

TECHNOLOGY

EDITED BY ALAN CANE

Cost-cutting diesel engines

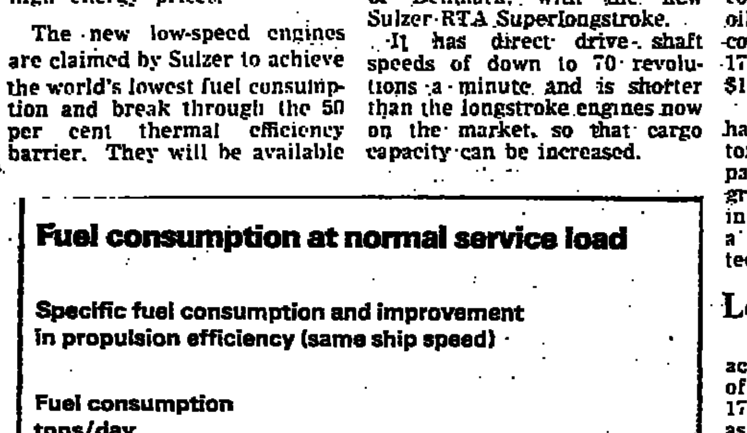
BY ANDREW FISHER, SHIPPING CORRESPONDENT

SULZER, the Swiss engineering company, has launched a new range of fuel-efficient diesel engines aimed at cutting shipowners' costs in these days of high energy prices.

The new low-speed engines are claimed by Sulzer to achieve the world's lowest fuel consumption and break through the 50 per cent thermal efficiency barrier. They will be available for installation from the end of 1983.

The company said it had moved ahead of its nearest rival in the fuel-efficient engine market, Burmeister and Wain of Denmark, with the new Sulzer RTA Superlongstroke.

It has direct drive shaft speeds of down to 70 revolutions a minute and is shorter than the longstroke engines now on the market, so that cargo capacity can be increased.



The RTA engine range will cut fuel costs by up to 10 per cent, Sulzer said. It also claimed that their fuel consumption was up to 6.6 per cent lower than engines made by its competitors. Depending on how oil prices rise, an RTA engine could save the owner of a 170,00 dwt bulk carrier between $1m and $3m over five years.

Since 1970, fuel bunker prices have risen from around $20 a tonne to about $200 and oil companies reckon with future growth of 5-10 per cent a year in prices, said Mr Gottlieb Wolf, a Sulzer vice-president and technical director.

Lower speeds

Ten years ago, fuel costs only accounted for about 8 per cent of the running costs of the 170,000 dwt ship used by Sulzer as an example. Last year, they were much higher at 30 per cent and by 1988 could either be at the same level, if fuel prices are static, or rise to as much as 80 per cent if they move up by a third.

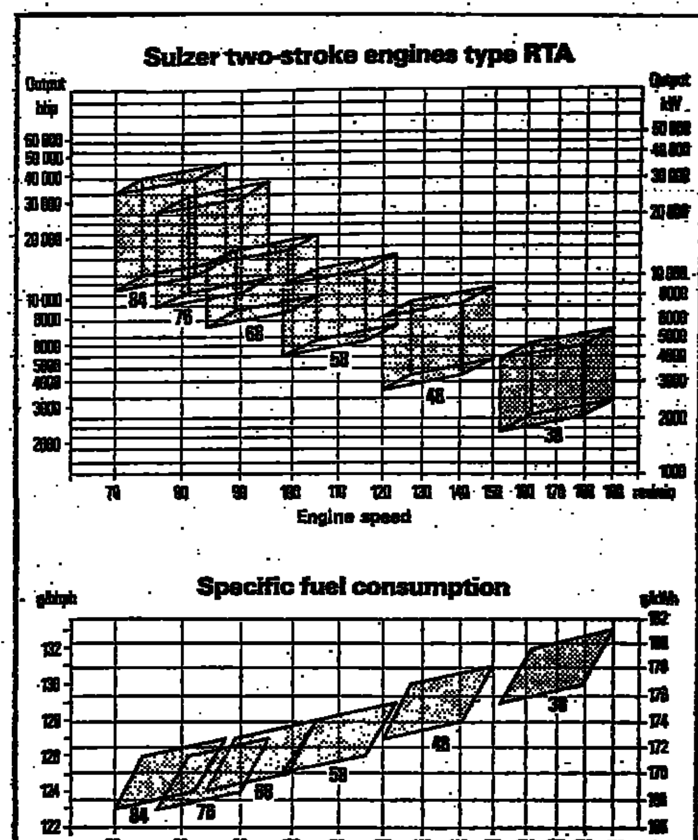
As a result of the sharp rise in fuel costs, most shipowners have been running their vessels at lower speeds to save money. This, said Sulzer, together with improved design of ships leads to lower shaft speeds, yielding more propulsion efficiency while power needs drop.

Reduced shaft speeds can be achieved through reduction gears, dropping the mean piston speed, or increasing the stroke to bore ratio. Sulzer said the latter option represented the optimum solution for future low-speed engines because it allowed a simple, reliable, and cost-effective direct propeller drive.

The RTA Superlongstroke engine range has a stroke to bore ratio of about three for low shaft speeds and specific fuel consumption down to 123 grammes per brake horsepower hour at a full load. Sulzer said this consumption, the lowest in the world, would now be offered for the first time in the history of prime mover development.

Among Sulzer's licencees who will be building the new RTA engines are the Clark Hawthorn subsidiary of British Shipbuilders on Tyneside. Sulzer expects to have the first engine on its own test-bed in May 1983, but its Japanese licencees—Mitsubishi, Ishikawajima-Harima (IHI), Sumitomo, and Hitachi—will probably do this earlier.

Sulzer said its licencees have responded positively to news of the new engine, especially IHI and Mitsubishi. Also keen to build the RTA range is the H. Cegielski yard at Poznan in Poland.



Effluent sampler offers safety

A CHARACTERISTIC of the electrically driven air compression system is that most of the applied electrical energy ends up as heat, in frictional, motor and compression losses.

So IMI Fluidair has come up with a version of its SR 20/30/40 AA rotary sliding vane compressor with integral high capacity oil coolers; compressed air after cooler and a ducting arrangement that allows the warm air to be taken away and used for space or process heating, for drying or other purposes.

The company claims the coolers are so efficient that at full load 90 per cent of the electrical input power can be reclaimed as heat. If it is used advantageously says IMI Fluidair, the cost of producing compressed air can be reduced by half. More on 061 723 2421.

Wire transmitter from Uniloc

TWO-WIRE transmitters for measuring dissolved oxygen, conductivity and residual chlorine have been added to the Uniloc range of analytical products made by Rosemount Engineering Company of Bognor Regis (0243 861241).

Outputs in all cases are four to 20 mA, making the transmitters compatible with most process control and monitoring systems.

Installation and maintenance is simple and a dual compartment design, accessed by individual screw covers, isolates field wiring from sensitive electronics, eliminating any chance of damage or error. Each unit has a field-selectable range switch covering the full measurement span. Zero and span adjustments are made externally.

Precision deal for Swiss watch company

OMEGA, the Swiss watch company best known for its time keeping, is to supply precision mechanical parts to the electronics industry.

It has signed an agreement with Censor, a West German company which manufactures equipment for making silicon chips.

Omega will make precision components for automatic step and repeat mask alignment and exposure systems. These are used to project the patterns which make up the integrated circuit on to the surface of the silicon wafer.

The step and repeat system moves along the surface of the wafer projecting one complete circuit at a time—so may have to project the pattern more than 100 times to fill the whole wafer with circuits.

The surface of the silicon is covered with a photosensitive material which hardens under exposure to ultraviolet light. Unwanted parts of the circuit are etched away to build up the layers of the integrated circuit.

Despite the fact that such automatic equipment has been available for many years, these automatic systems are seen as one of the more important devices for future production of silicon chips.

Many chip makers continue to use manual techniques where human operators align the patterns onto the wafer. Because of the limitations in human sight, this restricts the size of elements on the chip in order to accommodate human error.

However automatic systems are more precise and are increasingly in demand for high volume production of integrated circuits.

Equipment manufacturers are constantly trying to produce machines which project thinner lines onto the wafer — which reduces the overall size of the elements which make up the circuit.

Censor says that its latest machine can produce lines which are between 0.5ym and 0.7ym wide and cater for between 45 and 60 wafers an hour.

ELAINE WILLIAMS

Plessey components for communications

BOTH PLESSEY and Fibre Optics Research and Technology have announced components for optical fibre communications systems.

Plessey Optoelectronics and Microwave have detectors available for medium-length sytems. The devices are small area silicon PIN detectors mounted in a standard S4 package or alternatively fitted with 300mm of 200 micron core fibre as a "pigtail," to allow efficient coupling of transmitted light over the detecting area. The devices are designated HRD 100 and 100F respectively.

The company is also offering an emitter, HRD 101, mounted in an ITT OCN-01 connector or in an Amphenol 906 connector (the HRD 102). Both offer a direct interface with connector terminated cables and are said to provide a cost-effective solution for active components in OEM link designs when used with other Plessey components.

From FORT comes news of an optical Y-coupler, SWSC-01, which is fabricated by splicing two fibres wih a longitudinal cut (that is, along the fibre side) and then, after splicing these together, cutting laterally and end splicing to a third fibre.

Branching ratios can be provided that give two outputs each 4dB down or one which is 2dB and one 12dB down. More on 0732 352710.

Glass fibre reinforcement uses filament winding

HIGH PERFORMANCE glass fibre reinforced tubing designed for use as pneumatic and hydraulic cylinders is available from Hallite Developments, Hampton, Middlesex (01-941 2244).

The tubing is manufactured by a filament winding process using continuous glass fibres and epoxy resin, with additives to give low friction properties on the inner bore surface. The company says that very high strength and rigidity can be achieved by a choice of winding technique, resin and reinforcement.

Manufactured with internal bores from 25 to 250 mm (wall thicknesses from 2.5 mm upwards), the tubes leave the manufacturing process with a mirror-like bore finish of 0.2 microns. No expensive finishing such as honing is required. They are also said to have exceptional corrosion and chemical resistance and a significantly better strength to weight ratio than their metal counterparts.

The smooth bore and special additives give a very low friction surface enabling the tubing to be used in completely dry unlubricated air. Over 20m cycles have been recorded says the company, "without measurable wear."

Lightweight foils for insulation

A NEW range of lightweight foils for insulating walls, roofs and ceilings in hot and humid climates has been introduced by AHI Roofing International.

Decrafoil is available in six grades, and the company claims it will reflect up to 95 per cent of sun's radiant heat striking a roof.

Undersea camera for N. Sea rigs inspection

OSPREY ELECTRONICS, a small company based in Scotland, has developed a combined underwater photographic and television camera for use in sub-sea inspection of oil rigs and the like.

The principle behind the camera is very similar to that of the conventional photographic single lens reflex camera. It has a single lens system for both receiving television and photographic images.

The television camera is a low-light monochrome model which can pick out images in muddy waters. Information such as time, water depth can be superimposed on the still photograph and the use of microprocessor has allowed automatic fault diagnosis.

The company hopes that production of the camera could lead to up to 15 new jobs at its Wick factory over the next 18 months.

Datatext to launch new stand-alone processor

DATATEXT of Camberley, Surrey, is to launch a new stand-alone word processor at Info 82 (February 9 to 12, Barbican, London).

Priced at £5,500, the basic model will have a 25 line by 80 character screen with keyboard, a control unit housing two quadruple density mini-cassettes, and a proportional spacing printer. A similar configuration with a 5m byte Winchester disc store plus a single mini-cassette will cost £8,500.

A low profile detachable keyboard is employed; the CRT display unit is tiltable and available with green, amber or white phosphors.

Video facilities include reverse (black on white), blink, bold, underlining and suppression, all under software control.

The system can also be used, with extra software, for routine business computing.

THE ARTS


Ileana Cotrubas
A Midsummer Night's Dream


Karan Armstrong
Lulu


Janet Baker
Alceste


Valerie Masterson
Louise


Charles Craig
Otello

A rich year in the opera house

by MAX LOPPERT

How did it happen?—in the midst of economic doom and gloom, with frenzied warning signals issuing from all the major operatic lighthouses, and one or two small craft already *on the rocks, 1981 proved to be* a year of exceptional richness and variety in opera, not approached in my own experience for a decade or more. The richness and variety lay in mixture and blend. Choice rarities became available to the Londoner or resident of the South (though such were by no means confined thither), frequently in revivals of quality to match. Popular favourites were not neglected, as indeed they should not be; and a small showing of renewed concern for operetta beyond the usual Offenbach, Strauss, Lehar, or G&S should have given heart to those *with a taste for lighter* things of superior quality.

"The critic who is grateful is lost," said Shaw. Before admitting my inability to live up to the Shavian ideal of creative ingratitude, let me at least make the complaint that, again as in the recent past, Britain seemed in 1981 as far as ever from evincing interest in its own worthwhile musico-dramatic compositions of the past three decades, or else from giving hearings to those produced elsewhere. (Ligeti's *Grand Macabre comes to the* ENO next season, Stockhausen and Sallinen are scheduled for Covent Garden thereafter; these are the principal exceptions to the rule of insularity quite as dominant as ever.) And the sway of what a colleague in the Daily Telegraph has called the "fashionably obstructive" producers of opera from East Germany still holds strong over the Welsh and English National companies, in almost every case to their detriment—I make a personal exception for the Herz *Salome*, which returned to the Coliseum in incandescent form.

It was above all a year of French opera — *in London*, mostly, though Scottish Opera put on a new *Pearl Fishers* (none too happy, by report). *Names from the history books*, loved by devotees but cast aside in recent decades, suddenly appeared on the operagoer's calendar: Meyerbeer's *L'Africaine*, the Saint-Saëns *Samson et Delila*, Gluck's *Alceste*, and the English Bach Festival's latest and most successful shot at "authentic" Rameau, *Castor et Pollux*, all at Covent Garden; Gounod's *Roméo et Juliette*, Charpentier's *Louise*, and *Pelléas*, all demonstrated in various degrees of feasibility in translation at the Coliseum; Massenet's *Hérodiade* (London University) and Meyerbeer's *Robert le diable* (Nottingham) *on the fringe*, not to mention the BBC concert performance of *Sacchini's Renaud at Camden*. Not everyone took equal pleasure in all parts of the French Revival — I myself had rather more time for *L'Africaine* than most of my colleagues, and rather less for *Louise*. But each new enterprise provoked genuine discoveries re-evaluations, surprises: may they continue.

Two of the three high points of my own operatic year came widely spaced, both comprehensively dominated by its heroine, and both notched by the Royal Opera. To meet Berg's *Lulu in March* and Gluck's *Alcestis in* November and December (*I went to visit both twice, and would have gone more often if I could) was a spanning not just* of 1981 but of worlds of musico-*dramatic* characterisation, ambition, and achievement. *Lulu* proved to be Götz Friedrich's first London opera production at least halfway on the right lines (though more than one Bergian could be found to deny him even this much). "Halfway" meant brilliant, razor-sharp stage invention cheek by jowl with infuriating producer's superimposition, most of the distortion being reserved for the "new" Act 3. Karan Armstrong, unusually strapping and vocally flawed (but has a fully adequate Lulu voice ever existed?), and Colin Davis as conductor developed strengths only hinted at the start; the whole show exercised a compulsive, blinding fascination — one lived with and inside *Lulu* for days on end. *And with Alceste, a magnificently* flawed masterpiece in an *only OK John Copley* production raised by Janet Baker and *Charles Mackerras to an* experience of a lifetime. Neo-classical nobility, neo-expressionist sordidness, both irradiated by compassion, humanity, and sympathy for the heroine — what a year!

The span of total achievement at Covent Garden was quite as wide. Gluck and Berg were not the only plusses; *Samson* was visually magical, lovingly conducted by Davis, and given big, canny, if also tonally uneven title portrayals by Jon Vickers and the exotic Shirley Verrett. The new *Macbeth* was powerful and irritating in about equal measure (the irritations caused even more by Muti as conductor than by Elijah Moshinsky as producer) — at the very least, it was a staging with a strongly decided point of view. All this was at one pole; the disastrous new *Don Giovanni* limply launching the first Mozart Festival (which was *subsequently "saved"* by lively revivals of *Figaro* and *Cosi*) was at the opposite, as were the attempts, of artistically dubious worth, to put on Big-Star Verdi with *Ballo in maschera* (the illnesses of Pavarotti, Renato Bruson and Caballé playing havoc with the schedule) and the Sutherland-Bonynge *Trovatore*.

According to the curious ways of casting at the House, Nemorino in *L'elisir d'amore* belongs not to a dashing young tenor but to a famous veteran in his 50s — in the first series *it was Nicolai Gedda*, in the second Carlo Bergonzi (who at *least compensated in terms of* vocal authenticity, as he did in *Luisa Miller*). Ileana Cotrubas made her first important *approach to bel canto*, in a "revised staging" (much of it visible) of *La sonnambula* that asserted, alas!, her dramatic rather than her vocal prowess in the field. Bruson's grizzled, haunted Macbeth, Grace Bumbry in the closing scene of *L'Africaine*, Raina Kabaivanska as a fragrant Butterfly, a *Figaro* Prom in which five stars (Lucia Popp, Stafford Dean, Thomas Allen, Margaret Marshall, Margarita Zimmermann) shone by turns, Kiri Te Kanawa in an *Arabella* conducted with a civilized light hand by John Pritchard — all these are the year's more durable memories. Dennis O'Neill, a Welsh tenor of sweetness and charm, was well used in *Butterfly*, *Arabella*, and *Sonnambula*.

At the English National Opera, it was a year of solid, not wildly exciting achievement —Gounod's *Romeo*, the *above-mentioned Louise*, Jonathan Miller's impressively thoughtful *Otello* (Charles Craig, Neil Howlett and the radiant Rosalind Plowright leading the strong set of principals, Mark Elder the magisterial conductor), and revivals of *Julius Caesar*, *Tosca*, *Salome*, and *La traviata* all demonstrating the virtues of ensemble opera while promoting real "star" performances, were among the credit entries. Among the debit ones, unfortunately, was the new *Tristan*, a visual shambles which not all the grandeur of Goodalls conducting nor the growing vocal splendour of Linda Esther Gray, Alberto Remedios and Gwynne Howell, could mitigate; a wash-out of an *Ariadne on Naxos*; and the effortful, impeccably fashionable "relevance" of the Monteverdi *Orfeo*, considered by some the last word in opera-as-modern theatre (and by me the *last word in bogus*). On *Pelléas*, Harry Kupfer laid a heavy, interfering hand. The world premier of Iain Hamilton's *Anna Karenina*, which I had to miss, was accounted both a worthy evening of late-romantic opera and a miss by a fairly wide margin. Four sopranos—Gray, Plowright, Valerie Masterson (Juliet and Louise), and Josephine Barstow (Salome and Violetta)—continued to be the company's best news.

A quick countrywide round-up paints an essentially positive picture—funds short, but the popularity of opera still growing. The Scots brought us, by *way of a good Lucia revival*, the beautiful and sympathetic *American soprano*, Ashley Putnam; their desire to make *money out of a Beggar's Opera* given a wildly inappropriate big-hit-musical treatment was foiled with a vengeance, and only Thomas Allen's MacHeath emerged from the wreckage intact. Opera North *née* English National Opera North continued to forge a lively, youthful ensemble style, as *Der Freischütz* and *Macbeth* bore out; Kent Opera did its best work in the inhospitable touring venues of which the company has made itself complete master.

I find it rather more difficult to contribute a balanced view of the Welsh National in a sentence or two. Praise for the daring and excitement of their discoveries and rediscoveries—Martinu's *Greek Passion*, a brave and sometimes illuminating *Frau ohne Schatten*—must here be tempered by the memory of three grotesquely un*musical productions—in order* of demerit: Andrei Serban's *Rodelinda*, Herz's *Force of Destiny*, Harry Kupfer's odious *Fidelio*—the very existence of which seemed to call the whole current "committed" WNO stance into question. The Royal Opera paid its first visit to Manchester for nearly two decades, found the Palace Theatre uncomfortable, but sold lots of seats for all its operas except *Lohengrin*.

The festival scene told a similar tale—budgetary restrictions (Buxton and Aldeburgh put on only one opera of their own; Bath took in the Fires' touring thriller, Maxwell Davies' *The Lighthouse*; Edinburgh in*vited only a single visiting com*pany) did not automatically entail artistic rout. Buxton's *Secret Marriage* was in fact a delightful serious of coups—Cimarosa's thin comedy made *to seem better than it is*, Renato Capecchi singing in English and *making off with the evening*. Edinburgh's visitors from Cologne put on a new *Barber* for the occasion, and it was much liked.

Another new *Barber*, produced by John Cox and with Maria Ewing an irresistibly *jolie-laide* Rosina, launched what was undoubtedly the best Glyndebourne season in years—and this after several successive seasons of substantial achievement. There was *Fidelio* with Josephine Barstow (whom I respected rather than warmed to); a vital and nimble *Ariadne* (Ewing, Gianna Rolandi, and Helena Döse an unusually *attractive leading female trio*); and *Figaro* in two deals, each *with its points of special* interest. With the first Glyndebourne production of Britten's *Dream*, in which Peter Hall and Bernard Haitink deepened their already sturdy partnership, my operatic year touched its third high point—a quintessentially English kind of theatrical magic despite the foreigners involved in the enterprise (Ileana Cotrubas' Tytania, Curt Appelgren's Bottom, Haitink in the pit), restrained, funny, fantastical, and strange.

What else? The Prom concert performance of the first version of *La forza del destino*, an investigation at once worthwhile and rousing; a noble, if inevitably doomed, attempt by Abbey Opera to undertake Pfitzner's glorious *Palestrina with shoestring forces*; a knock-out modern-dress *Rake's Progress at the Royal Academy*; Birtwistle's *Down by the Greenwood Side* at the National and the Peri/Stephen Oliver *Euridice* at the Riverside—all added to the nourishment of the fare. Sadler's Wells, impatient with its periodic bouts out of action, initiated opera productions of its own; *Hansel and Gretel* and Kalman's operetta *The Gypsy Princess* were the creditable, not very polished first fruits. Kent Opera came to Rosebery Avenue, so did *The Lighthouse*; Handel Opera delighted both the loyalists and the unconverted with *Partenope*, a mock-heroic romantic wrangle ever so slyly mocked itself in Tom Hawkes' staging. The Wells is not exactly a lovable theatre, but for most of the operas it houses the place is at least the right *size*, which can hardly be said for *either Covent Garden or the* Coliseum.

Television

Bound to end in tears

by CHRIS DUNKLEY

Christmas television is much like *Christmas itself*: the fuss made beforehand is so *great that whatever turns up is* certain to be a disappointment. *This* Christmas the connection seemed even more direct: the bigger the hype, the greater the let-down. Thus *Gone With The Wind*, which broadcasters had been claiming as the ultimate yule weapon since at least midsummer, turned out to be so sentimental, so long-winded, and so far-fetched that nobody in our house even bothered to *watch the second half*.

This came as something of a *surprise*, since we had seen it before in the cinema, and were looking forward to at least wallowing in a good old-fashioned story communicated with high technical proficiency. That it seemed in the event to be more like second-rate women's magazine fiction conveyed with techniques which at times looked downright tacky, says something about either the unreliability of memory, or the magic of real cinema in *contrast to the* domestic box — or both.

As for the Christmas "specials" of regular series *which the broadcasters tell us* every year are more popular than all but the very biggest blockbuster movies, the difficulty is in seeing what is "special" about them. The Christmas element is about as integral to most of them as the holly wreath to the front door: cheap decorations loosely tied on.

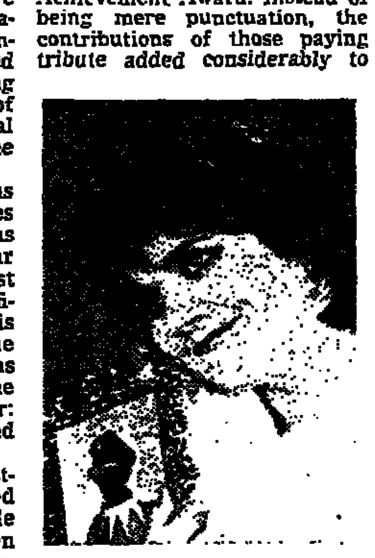
Nowadays of course Christmas shows are all pre-recorded and in some cases very little effort is made to preserve even the pretence of seasonableness. In the "special Christmas *edition*" of *Family Fortunes* on Boxing Day, for instance, *host Bob Monkhouse mugged* so heavily when talking to the *studio audience about* the day that he had me wondering *whether the show* was recorded not even in the winter but some time back in the autumn.

The *Mike Yarwood Christmas Show* was (I think) about 10 minutes longer than usual, and included such "special" guests as Esther Rantzen in addition to those such as Marti Caine who are rather less than special. Jokes occasionally had a topical flavour. (Sample: Princess of Wales: "Charles gave me an absolutely super present; Cornwall." Prince of Wales: "But you know what women are. She took it back and changed it for Gloucestershire." But the best parts of the programme were the same as ever: Yarwood's unseasonal impressions of Robin Day, Michael Foot and Tony Benn.

I *must admit, however*, that challenged to describe an *alternative Christmas* programme schedule which is neither facetious nor so entirely personal that nobody else would watch it, there are no easy answers. Various possibilities come to mind: those who have missed one or two episodes of *Brideshead Revisited* might be grateful if the entire serial were repeated during one day of the holiday, and the same could be done for other recent serials. With the lethargy induced by overeating Christmas seems an ideal time for one of the growing number of televised snooker championships. Yet millions *not* interested in these particular subjects would be furious.

You quickly find yourself *merely expressing personal* preferences and mine were satisfied last time a great clutch of Fred Astaire movies were shown over the Christmas holiday. *This year BBC2 did a similar* favour for Harold Lloyd fans, assuming there are such things. Astaire worshippers (and in my family there is one aged 10 and another of 65) had to be satisfied this year with the compilations contained in ITV's *Salute To Fred Astaire* which, though not as *good as* being able to watch the whole of *Swing Time or Top Hat*, did supply choice moments from many of his films.

It was recorded at one of those *soup-and-speech* nights which Hollywood does so much better than we do, this particular occasion being the presentation to Astaire (and no one deserves it more) of a Lifetime Achievement Award. Instead of being mere punctuation, the contributions of those paying tribute *added considerably* to


Linda Ronstadt in
Of Muppets and Men

the occasion. It was enlightening to hear Baryshnikov from the world of classical ballet saying: "Nastase says of Borg 'We're playing tennis and he's doing something else', well we're dancing and Fred Astaire's doing something else."

Compilation programmes of various sorts — less pretentiously "clip shows" — are becoming increasingly popular at Christmas. Often they are more genuinely "special" than the "specials" in that they cannot, by their very nature, be done very often, and I suspect that they win high viewing figures. Certainly BBC1 and ITV each saved one for Christmas night. My new video recorder ignored ITV's collection of film and programme boobs, *It'll Be All Right on the Night* because I told the machine it was transmitted on Thursday, but I suspect it may well have out-gunned *Dallas* in the ratings.

BBC1's *Parkinson on Comedy* was much more amusing than the normal episodes since it consisted solely of those clips that bear repeating; and the funniest programme of the holiday was that of a brother television critic, *Clive James at the Movies*, which brought together extracts from such unbelievable old films as *The Wild Women of Wongo*, *Some Like it Cool* and *Attack of the Fifty Foot Woman*.

Nearly as funny, and still in a class of its own electronically (in this country anyway, such techniques being far more common in Continental light entertainment) was *The Kenny Everett Television Show* which, this time, was on BBC1. Though *it may be different from practic*ally everything else on television, however, a lot of the ideas in this show—the punk rocker, the fuddy duddy TV chiefs and so on—were too similar to those in Everett's last ITV series. Some understandable anxiety about lack of originality showed through in the "Why won't you serve Jews ice-cream/Have you *tasted* our ice-cream?" joke. Still, the "Shoot The Dog" game show was unchallengeably the most hilarious bit of bad taste this *Christmas*.

Straddling the boundary between comedy and documentary was ITV's fascinating "how it's-done" programme *Of Muppets And Men* on Sunday. Though never one of the Muppets' greatest fans, I did find this programme fascinating with its revelation of an entire world starting six feet up in the air to allow room for the puppet operators down below. Furthermore, after seeing the way in which the originator Jim Henson and his band have to work, producing lip movements in the puppets to synchronise with their own voices directed into shoulder-mounted microphones while simultaneously co-ordinating general movements above their heads visible to them only via monitor screens, I was very much more impressed than before with the finished product.

Firmly in the realms of the traditional documentary, and an excellent example, was ITV's *Princess Anne, Her Working Life*, made for Thames TV by Tim King. At the end of 1½ hours there were several disappointments about the subject of the programme: remembering that expensive education it was dreadful to hear her use "criteria" as a singular noun; with such homely looks and apparently no dress sense it is a pity that the advice given to her about clothes is so poor (or that she doesn't take it); and unless King was being mischievous her conversational opening gambit on all public occasions is not only uninspired and uninspiring but unvarying: "How long have you been here?" It was also clear, however, that she is nobody's fool and that—like lots of other people—she works pretty hard.

The one disappointment of the programme itself was that it never indicated quite *how* hard. Though it documented one particular day in great detail when the princess visited a cosmetics factory and two other organisations, and managed to take in a trip to Fiji, with editor Christopher Spencer sometimes working up a beautifully informative cutting rhythm to convey a sharp feel of the pace and the contrasts involved in this one life, we were never told whether Princess Anne usually spends six days a week on official business, or six a month, or six a year and that laid an unfortunate uncertainty over the picture.

That apart it was yet another highly competent piece of work on the outfit which now has the most briliantly successful public relations in this country. If Saatchi and Saatchi persevered with the Conservatives for 100 years they could not begin to match the image of the royals because their basic material lacks the necessary glamour. The irony is that the British royal family has achieved unprecedented popularity and security via the very phenomenon which Cassandras *used to say would destroy them*: television.

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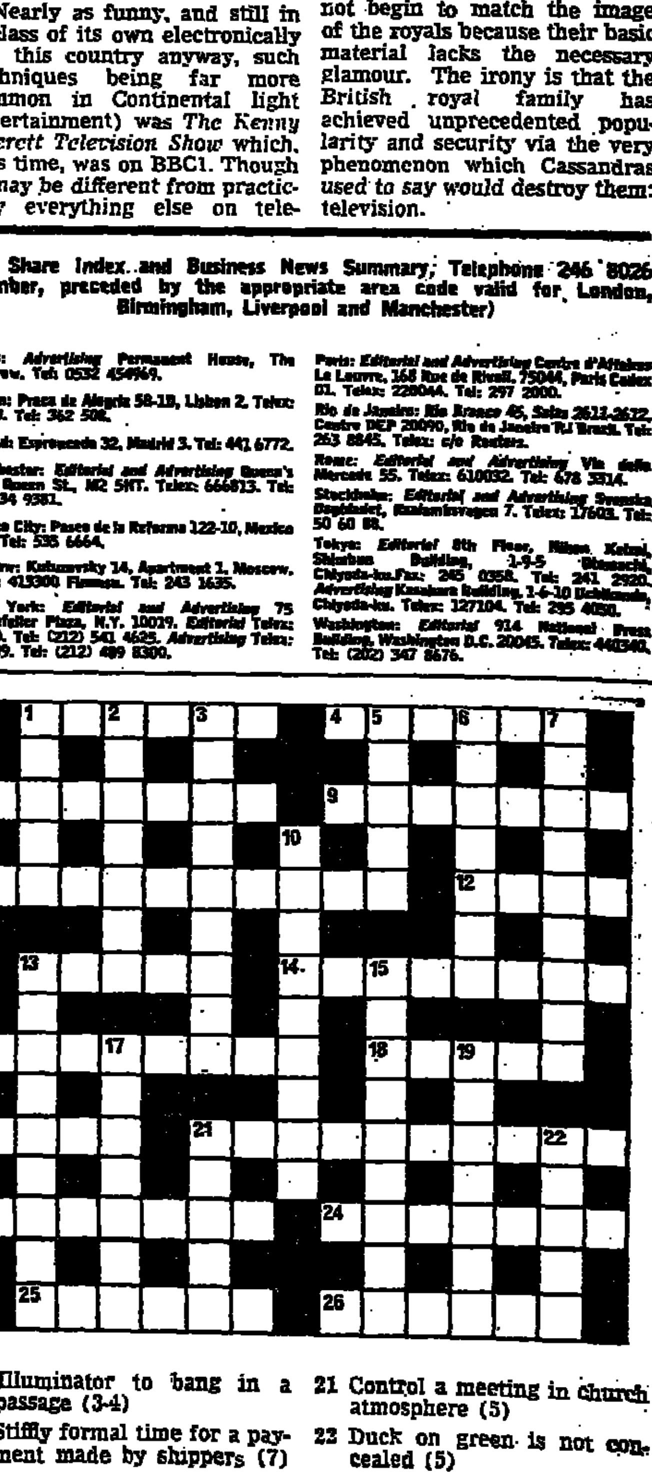

ACROSS

1 A grave type of transport (6)
4 Mark sailor, using a beetle (6)
8 Boxer's second must feel right (7)
9 Imagine an *assumed* attitude after drink (7)
11 Summer jewel or prehistoric bead (10)
12 Lot's wife became a pillar of it (4)
13 Ended article to make dough (5)
14 Job had it and Gilbert wrote its words (8)
16 Meeting a tart? (8)
18 Timorous in the manner of a bird (5)
20 Girl left with fool (4)
21 Spanish magistrate for example in passageway (10)
23 Vehicle taking off from plant (7)
24 Fish left in a hat (7)
25 Become invalid and come to an end (6)
26 Stop and check what policemen do (6)

DOWN

1 Suave learner in a group of musicians (5)
2 Change one's clothes to compensate (7)
3 Exaggerate a monarch's position (9)
5 Inartistic credit due to change (5)
6 East German in mature repartee (7)
7 Ointment from herb I study (9)
10 Write music about old city in tranquillity (9)
13 Transmit support to a crowd (9)
15 One who represents a wayfarer (9)
17 Illuminator to bang in a passage (3-4)
19 Stiffly formal time for a payment made by shippers (7)
21 Control a meeting in church atmosphere (5)
22 Duck on green is not concealed (5)

Solution to Puzzle No. 4,758

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A new general for Argentina

GENERAL Leopoldo Galtieri took control in Argentina last week after a show of political subtlety and military insubordination which toppled his predecessor General Roberto Viola and which left his rivals for power breathless with amazement.

General Viola had been in power for less than a year. During this time he and Dr Sigaut, his economic minister, had acquired something of a reputation for incompetence in running the affairs of the country. Argentina notched up a world record inflation rate for 1981 while the peso slid steeply and almost continuously during the Viola period. The Argentine gross national product is estimated to have fallen very sharply.

Disregarding the rules the military had established for succession when they toppled the last civilian government in 1976, General Galtieri elbowed his way to the top and managed, unlike his predecessors, to retain command of the army, a principal key to success for any Argentine military leader.

The new Argentine president has made it clear that he is unwilling to rule merely as the delegate of the commanders of the three armed forces. With troops owing obedience to him he is in a stronger personal position than General Viola or General Jorge Videla who ruled before him.

In his first pronouncements, General Galtieri has confirmed the widespread belief that he will aim for a strictly orthodox economic strategy as a way of pulling Argentina out of the severe difficulties it has been experiencing this year. In 1981 the Gross National Product is estimated by the UN Economic Commission for Latin America to have fallen by 6 per cent. Industry has been particularly affected by recession, with output shrinking by no less than 15 per cent.

The new president has promised a programme of austerity and a sharp reduction in the public sector as the way forward. His economy minister, Dr Roberto Alemann, has taken the first steps toward monetary orthodoxy by decreeing an end to the two-tier exchange rate which his predecessor introduced in June.

By the middle of next year, General Galtieri and Dr Aleman promise to have identified and started to prune what they consider to be superfluous appendages to the state. State industries in many fields are under threat of being sold to private investors where they can be found.

The question now must be whether Galtieri has sufficient authority to enforce his recipe. He faces the hostility of many "nationalists" in the armed forces and in civilian life.

These "nationalists" have become used to the habit of decades during which corporations were set up by the government regardless of cost to produce goods and services regardless of price. One of the most compelling examples of this is Fabricaciones Militares, the army's own industrial complex. The air force and navy each have similar manufacturing empires.

On one major question General Galtieri has so far kept his own counsel. In spite of the increasingly loud demands of civilian politicians for a rapid return to parliamentary rule the new president has refused to announce any timetable for political normalisation. He cannot hope to continue to ignore the civilian politicians. His aim has to be to combine a rational and effective economic policy with the return of the country to civilian hands. If a future civilian government in Argentina does not eventually endorse the economic measures taken by the military these measures however salutary they may be will not survive for long.

How to reward directors

SHAREHOLDERS in Lord Grade's Associated Communications Corporation are being asked next week to approve the payment of £560,000 compensation for Mr Jack Gill, the group's former deputy chairman and managing director: according to the company, this is substantially higher than the amount which a court would have been likely to award Mr Gill as compensation for breach of his service agreement.

Institutional investors are unhappy about the size of the payment, and rightly so. It focuses attention once again on the ability of public companies to reward their executive directors with extremely generous service contracts and fringe benefits which appear to bear no relation either to their own performance or to that of the company.

It is not obvious why directors of companies, who are paid substantial salaries, need or are entitled to the security of service contracts. A straightforward annual salary, together with stock options or bonus schemes linked to performance, is very much to be preferred. Moreover, with the reduction in the higher rate of income tax, the elaborate array of "perks," as a supplement to salary, should no longer be necessary.

Even if next week's meeting approves the payment to Mr Gill—and the voting structure of Lord Grade's company makes that outcome almost certain—the issue should not be allowed to fade away until the next big payment hits the headlines. Both institutional investors and non-executive directors have an important responsibility here. The remuneration of full-time directors should be dealt with by a committee of the Board consisting entirely of non-executive members. Institutional investors should use their influence to ensure that this is done.

The lessons of Invergordon

YESTERDAY'S announcement about the closure of British Aluminium's smelter at Invergordon in Scotland leaves several questions unanswered, not least the total cost to the taxpayer arising from operation of the plant over the past 10 years and from the closure arrangements; these include a financial settlement, details of which have not been fully disclosed, between the company, the Government and the North of Scotland Hydro-Electric Board.

Invergordon is one of three smelters which owe their existence to the encouragement and support of the Labour Government in the late 1960s; the others are in Anglesey, owned by Kaiser Aluminum and RTZ, and at Lynemouth in Northumberland, owned by Alcan. The key to all three projects was cheap power; Anglesey and Invergordon were linked to new nuclear power stations, while Alcan built its own coal-fired power station based on a special supply arrangement with the National Coal Board. The investment in aluminium smelting was seen as a classic demonstration of the Wilson Government's determination to harness science-based industries to create new jobs and save imports.

As it turned out, several of the assumptions on which the projects were based were not fulfilled. In particular, technical difficulties involved in the construction and operation of the new advanced gas-cooled nuclear reactors undermined the economics of the power supply agreement and caused heavy losses for the Central Electricity Generating Board (which supplied the Anglesey smelter) and the North of Scotland Hydro-Electric Board. Some of these losses have been borne, in effect, by other electricity consumers.

The Wilson Government can hardly be blamed for failing to foresee the problems of the AGR. Ministers of the time can argue that, despite all the difficulties, a new industry was created and has presumably brought some benefits to the UK. Apart from Invergordon, the other two smelters appear to be in no imminent danger of closure, although their profitability has been affected by the recession. There is nothing wrong in principle with the idea that energy-intensive industries like aluminium smelting should be able to negotiate special tariffs with electricity suppliers.

The Invergordon closure does not necessarily invalidate the case for going ahead with the aluminium smelting investments. But it does reinforce the need for a thorough appraisal of the costs and benefits of the whole programme. One of the curious features of government intervention in industry over the past 20 years is that, although there has been a great deal of it, very few attempts have been made to study the consequences of particular investment decisions and to draw appropriate lessons from them. Has the development of aluminium smelters been a success or a failure? It is a suitable subject for investigation by a House of Commons Select Committee.

BRITISH ALUMINIUM

Painful way out of a crisis

By Roy Hodson and Richard Lambert

"WE HAVE got ourselves out of a crisis," Mr Ronnie Utiger, chairman of British Aluminium, said yesterday. He was not just putting on a brave face.

The company's decision to close its Invergordon smelter was obviously very painful both in human and personal terms. Mr Utiger played a leading role in developing the project in the late 1960s, and for years it formed the showpiece of the company's activities. But there is little doubt that the outcome could have been a whole lot worse.

In financial terms, the smelter has over the last year or so been draining British Aluminium of its life's blood. The price of aluminium has been falling, the costs of power to make it have been rising, and the upshot could have been very serious for a company which is quite small by the standards of the aluminium industry.

The central problem has revolved around the terms on which the company has been getting its supplies from the North of Scotland Hydro Electric Board (NSHEB). Since early 1980, the two have been in public dispute about the detailed interpretation of the Invergordon power agreement. By last June, British Aluminium had provided for—but not actually paid—disputed charges amounting to £37m, and the figure was rising at a rate of about £12m a year.

Litigation between the two parties was not scheduled to reach the courts until 1982, and could have run on for years. British Aluminium did not have that much time to play with.

During the last three months, it has been attempting to renegotiate the entire contract—to start again from scratch, as it were. In the end, the decision not to let the company off the hook was taken at the highest political level. British Aluminium was not going to get a new contract. But nor was it going to be placed in a position which would threaten its other 2,700 employees in Scotland and 4,500 elsewhere in the UK.

The Invergordon smelter in Scotland which British Aluminium, headed by Mr Ronnie Utiger, has decided to close

A strong card has been traded in exchange for a settlement

The precise financial details have yet to be made public. Yesterday's statement said that the power contract which gave the company rights to take electricity from Hunterston "B" nuclear station until the year 2000 had been terminated, by mutual agreement, and that the residual value of those rights have been agreed.

In addition, the statement went on, the disputed power charge had been settled, and balances outstanding on the Government loans to finance its share of the cost of building Hunterston had been cleared. At the last balance sheet, these amounted to nearly £34m.

What this seems to mean in effect is that British Aluminium has traded its one strong card—rights to cheap electricity for the next 18 years—in exchange for a settlement of the disputed charges and of the Government loans.

Although Invergordon was not getting electricity cheaply enough to make aluminium economically, it was still paying a lot less than other consumers. On top of the subsidies in the original agreement, which have always been kept secret, the Government has over the years paid out over £100m to compensate the electricity authorities because Hunterston was completed several years late and delivered much less electricity than had been envisaged under the terms of the British Aluminium agreement.

The company has not yet detailed the net impact of this trade-off on its balance sheet. But it says that after providing for all the costs associated with the shutdown, its borrowings will still represent under 50 per cent of shareholders' funds.

The closure will reduce the company's primary aluminium smelting capacity by about 100,000 tonnes a year, leaving it with annual capacity of just 45,000 tonnes, being produced relatively economically with hydro-electric power.

In the past, the company has been a net seller of primary metal. Mr Utiger said that it would prefer to be a net buyer. "Our production units should actually benefit in our downstream operations because of a lack of pressure upon them from the metal production side of the company," he added.

Analysis of British Aluminium's failed attempt to run a modern 100,000 tonnes annual capacity aluminium smelter in the Scottish Highlands shows up a fatally weak link in the chain of reasoning which led to the decision to build in 1968. The villain of the piece—rendering all other calculations and effort useless—was the choice of an advanced gas-cooled reactor (AGR) nuclear power station design as the basis for long-term power costs.

Mr Harold Wilson, then Prime Minister, favoured an ambitious series of plans to make in Britain the 320,000 tonnes a year of ingot aluminium that was being imported and proving a costly drain of valuable foreign exchange.

Three 100,000 tonnes-plus smelters—each with assurances of continuing supplies of power at favourable rates—were agreed between the Government and interestd companies.

The aluminium industry told the Wilson Government it must have power at prices related to world hydro-electric prices to be able to compete in world markets with British-made aluminium.

Alcan built a smelter at Lynemouth, Northumberland, with the backing of a long-term contract with the National Coal Board for coal to be supplied to the company's own on-site power station from a nearby pit. A second smelter at Holyhead, Anglesey (now owned two-thirds by Kaiser Aluminium and one third by RTZ) was to have power based upon the production costs of the Dungeness AGR station.

The third smelter, British Aluminium's Invergordon plant, was to get power from the Hunterston "B" AGR station on the Clyde.

Mr Utiger said yesterday: "We believed at the time that nuclear power costs were on a falling curve relative to other power costs and that hydro-electric costs were on a rising curve worldwide because of the increasing difficulty in finding new water sources. We expected to see the two curves cross over at some point after Invergordon started to make aluminium. The power price we settled with the Government in 1968—although it has never been revealed—was not as good as the cost of hydro-electricity internationally but it was good enough then to add up to a competitive situation."

By the early 1970s British Aluminium was much less sure about Invergordon than it had been. The AGR programme ran into severe problems, while each station being built in England and Scotland was to an individual design. Invergordon began to draw large quantities of electricity from the NSHEB in the early 1970s and was supposed to be getting the cheap Hunterston power via the grid by 1974. But the power station was still unfinished and did not begin to contribute substantially to the grid until three years after. NSHEB had to sell British Aluminium more expensively-produced electricity drawn from the national grid. The government felt it had no option but to make up the NSHEB losses.

Hunterston B was designed to deliver 1,250 megawatts of electricity. Problems with the design of the station forced its down-rating to only 1,000 MW. That raised the unit price of Hunterston electricity. However, the increase could not be passed on to British Aluminium under the terms of the contract. The Government found itself picking up the cheque.

Then began the long-running dispute between British Aluminium and the agent electricity authority — the NSHEB.

Recently British Aluminium has been finding it increasingly painful to have to put aside more than £1m a month in a special account because of the wrangle during the most difficult trading period the aluminium industry has ever experienced. It is clear that the long argument with the NSHEB played some part in the decision to close the smelter.

The main issue concerning the future of the smelter has, however, always been the ever-broadening gap that has yawned between the original estimates of the cost of nuclear power and the price that British Aluminium has actually had to pay.

Mr Utiger will not give figures about the power deal but he said yesterday that his company's power costs to make a tonne of aluminium at Invergordon are "approaching double the level we expected when we made the deal in 1968." Instead of falling in real terms, nuclear power costs have actually risen faster than the rate of inflation.

The £100m plus paid towards Invergordon power costs gives some indication of the sort of provisions that also must be being made by the Government for the Anglesey Aluminium smelter. That smelter, its power costs based upon Dungeness "B" AGR electricity, is still being supplied from other units on the national grid because Dungeness "B" is 10 years late and still not finished.

Production at Anglesey Aluminium was cut recently to some three-quarters of the smelter's capacity because the operators said they could not afford to buy additional electricity over the limit of their power contract at high rates.

Of the three "Wilson" smelters, Alcan seems the best placed at Lynemouth with its coal contract. It is thought to be at least breaking even during the current aluminium recession. But a warning came from the manager Mr Brian Sawyer, managing director of Alcan (Lynemouth), last night, that cuts in production may have to be made. "We have to take cognisance of all the pressures that the current economic situation places upon us," he said. "If these continue to increase, it may become necessary to adjust our operating levels here."

Without the incumbrance of the Invergordon smelter British Aluminium looks like floating more buoyantly through troubled markets.

British Aluminium will be a net buyer of metal to meet the needs of its fabrication plans and rolling mills. That may well be a useful short-term position for an aluminium company to find itself in. There are stocks of more than 3m tonnes of unsold metal at smelters around the world—a full three months' supply. The British Aluminium plants will be able to operate with greater freedom now they are relieved of the obligation to absorb all the metal that the company's smelters produce.

Now the company may float more buoyantly through its troubles

British Aluminium will still produce aluminium from its own hydro-electric power at two small Scottish smelters (Lochaber and Kinlochleven). Both plants can break even—or better—at today's depressed market prices for aluminium metal.

And what of Invergordon with its sudden unemployment? Is there a future for the smelter? The plant will be kept intact for six months in case a buyer appears. But the truth is that a smelter without a keenly-costed power contract to go with it makes as little sense as a car without petrol. The chances of any other company taking on Invergordon look extremely slim.

Men & Matters

The old Fuchs at home

Chapman Pincher recalls that when the story of atom spy Klaus Fuchs broke in 1950, he rushed in to give news of the arrest to Daily Express editor Arthur Christiansen. "What's his name?" asked Christiansen. "Fuchs," said Pincher. "Marvellous," said the editor, "I've always wanted to get that word into a headline."

Fuchs has been out of the British headlines since he was released from Wakefield gaol after serving nine years of a 14-year sentence for passing nuclear weapon research secrets to the Soviet Union. But over in East Germany, where he has lived since his deportation from Britain, Fuchs' seventieth birthday is now being celebrated with fulsome tributes, including one from head of state Erich Honecker.

"On your birthday, you can look back on successful activities as a Communist, a researcher, and university teacher," says Honecker of the man now known as Comrade Professor Dr Klaus Fuchs. Those nine years in Wakefield clink are tactfully skirted. The closest Honecker comes to touching on espionage is in saying that "your close co-operation with the Soviet Union was always an affair of the heart for you."

The German-born Fuchs had been head of the Theoretical Physics Division of Harwell Atomic Energy Establishment until his confession to ace MI6 interrogator Bill Skardon brought about his trial, imprisonment, and withdrawal of the British citizenship which he had acquired in 1942. When Fuchs returned to East Germany in 1959, he was appointed deputy director of the East German Central Institute for Nuclear Physics—which had few secrets to offer, since it was supplied by the Russians.

He was later elected a member of the Central Committee of the East German Communist Party, and has also been given a few gongs to hang on his lab coat—including the "Order of Merit of the Fatherland," and the high-powered "Order of Karl Marx." Lately, he has been lecturing to students at Dresden's Technical University, and earlier this month he popped up at an East German conference. Subject? The need for an end to the arms race.

Off the Wall

Pssst . . . The hot tip on cold Wall Street today is "buy, buy, buy" according to an investment newsletter called the Dunn and Hargitt Market Guide. Why? Because the Dunn and Hargitt "Dow Jones Industrial Major Mood Model" is in a major mood for buying like mad.

Details? "The rules are very simple," says the market guide. "Whenever the Long Term Bullish Mood Index rises by 7 per cent from its lowest point after a decline we get a 7 per cent Reversal Rule Buy Signal. If both the Short Term (ST) and Long Term (LT) Bullish Mood Indexes are below their Over-bullish Zone Levels of 75 per cent (ST) and 80 per cent (LT) respectively, then we have a Dow Jones Industrials Major Mood Buy Signal."

Get it? We neither.

Fare is foul . . .

Now that you have safely digested your Christmas dinner, listen to this from the monthly review of the Institute of Trading Standards Administration:

"In one investigation, a product marketed by a 'household name' company as 'chicken mince' was not quite the product its description implied. It in fact consisted of chicken necks and stripped chicken carcases, which were then crushed and placed in a centrifuge. A quantity of water was then added and the resulting slurry was centrifuged to remove the bone.

"Further ingredients and even more water was then added. Not only did the end product contain 48 per cent of added water but the Public Analyst found 'very little muscle tissue present, a high proportion of connective tissue, and traces of feather fragments.'"

Drink this, it will make you feel better? Me—I go vegetarian as of today.

. . . and fowl fare

My resolve to join the herbivora is stiffened by news that we may soon be invited to tuck into an emu as a change from more familiar fowl.

There are about 2m of the long-legged birds running wild in Western Australia and, according to wildlife researcher Dr Stephen Davies, they have great potential as farming livestock. A bigamous female bird, Davies reckons, would produce 11 chicks a year—which, in turn, would produce at least 165 kg of meat, three square metres of leather, 50 kg of feathers and a few litres of oil.

There is much more to an emu than a ewe, Davies has been persuading Australian farmers. Commercial farming methods have already been tested, he says. All that really remains to be done is to develop a market.

"It was freezing cold on Hackney Marshes, so I went to Selfridges' sale."

Future tense

The Christmas holiday does not seem to have brought much cheer to Londoners. Crawling sluggishly back to work after the break yesterday, half of them, according to a Thames News poll, took a gloomy view of the advent of 1982.

Eactly 50 per cent of those polled, in fact, thought the New Year would be worse than the old with the cost of living, rising rates, loss of jobs, and even the threat of nuclear war figuring among their main worries.

It is a far cry from the Swinging Sixties when Londoners thought — with some justification—that they were having a better time than most. Now life in the capital itself seems to be a reason for depression. Though four out of 10 think they may stir themselves to enjoy life generally, only one in 10 is actually looking forward to spending another year in London.

Bloody cold

"*Sang froid*" — Went Christmas carolling.

Observer

THE CRUISE BUSINESS

Sailing out of the recession

By Andrew Fisher, Shipping Correspondent

IT IS a brilliant sunny day. The sea is a deep blue and the sky flecked with tiny wisps of cloud. Out in the bay a gleaming white cruise liner lies at anchor. On the white sandy beach, bikini-clad girls stroll languidly in the heat.

For the average European, shivering in one of the bleakest winters in memory, this description—based on the cover photo of a Caribbean cruise brochure—is likely to represent no more than a dream which is unlikely ever to be realised.

But for the cruise companies, several of which have invested heavily in new ships costing $100m and upwards or in costly conversions, the lure of the sun and the sea is big and serious business.

Not surprisingly, the U.S. with the Caribbean so close is far and away the biggest cruise market. All the big cruise lines work hard at selling cruises to Europeans and they do attract many Britons, West Germans and others. But the Americans predominate.

The last year has not been an easy one as the recession has taken its toll. But since Caribbean cruising really took off in the late 1960s and 1970s, growth has been impressive.

In 1980, some 1.25m were tempted onto cruise ships operating out of the U.S. rising to an estimated 1.4m this year. Next year (1982) the number could rise to 1.6m, with nearly 2m hoped for in 1984. Revenue has also expanded rapidly—from $3bn in 1980 to an estimated $3.5bn in 1981. Next year, all being well, it could top $4bn.

The notion that only the ageing rich go on cruises

Operators are keen to demolish the notion that only the ageing rich go on cruises. But the Cruise Lines International Association (CLIA) admits that the most frequent cruise passengers are older, married, well-educated, and affluent—and likely to be between 40 and the mid-50s.

Certainly, the cruise holiday is not for everyone. The average fare on Cunard's Queen Elizabeth II, for example, is around £130 a day. This last of the superliners, which still makes transatlantic crossings more than 20 times a year, was built in the late 1960s at a cost of £24m.

Today, it would cost something like £150m to build. Its fuel bill alone totals £10m or so a year and the total annual running cost is around £40m, or in excess of £120,000 a day. Like all big passenger ships, the QE2 needs an occupancy of at least 70 per cent to break even, a level which Mr Bernard Crisp, Cunard Line's sales and marketing director, says has been achieved in 1981.

The Mediterranean may rival it as a major cruise destination, but the Caribbean is still the leading seagoing holiday region.

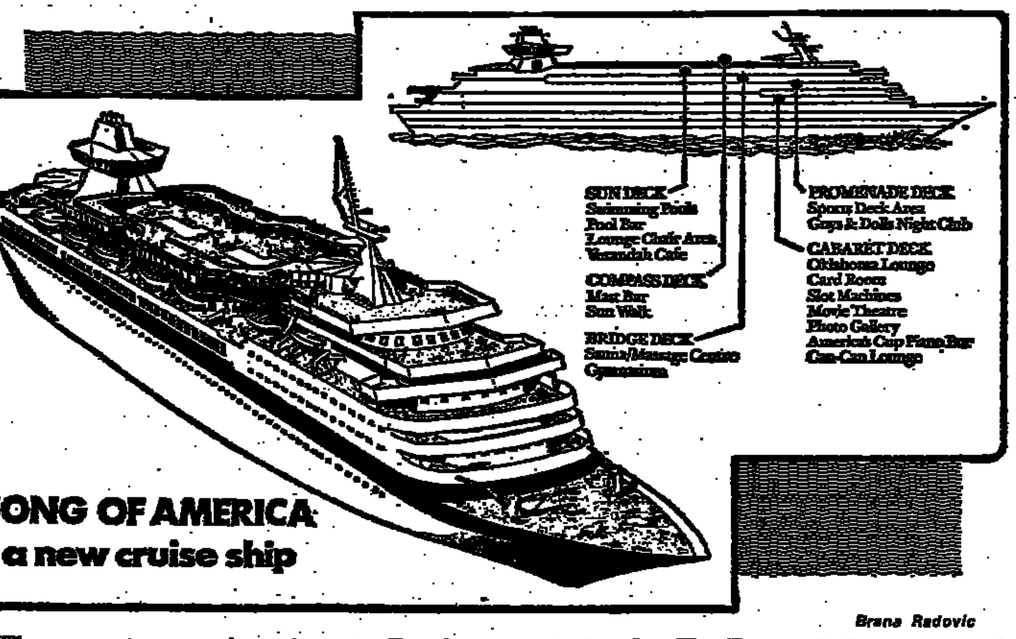
Up to 30 ships serve it from such ports as Miami. Newly popular, however, are cruises from the U.S. West Coast down to Mexico or up to Alaska.

Caribbean cruising is an all-year-round business, with ships generally in use for at least 50 weeks. The Song of America, which is due to arrive in 1982 and has cost $130m, will be the Royal Caribbean Cruise Line's fourth vessel. All have been built at the Wartsila yard in Helsinki and all operate out of Miami, where Saturdays show just how precise, efficient, and fast-moving the industry has to be as several thousand passengers end their cruises on the various lines in the morning and the same number embark in the afternoon.

Altogether, five newly built ships are due to enter the U.S. cruising market on one side of the country or other in 1982. Holland America Line is also building two in France and Sitmar Cruises, the Los Angeles offshoot of the Vlasov group in Monte Carlo, has ordered the Fairsky from a Toulon yard.

Nor is this the full scale of new cruise vessel ordering, a situation which has prompted some observers to warn of overcapacity, especially on the Caribbean where sizeable fare discounts and free flights to the ship have become common.

Peninsular and Oriental Steamship (P & O), the leading British cruise company, is confident that the new ships will be profitably absorbed. The company runs cruises from Britain, Australia, and the U.S. West Coast, the latter being far the most promising area.



Brana Radovic

"The new tonnage is not huge," noted Dr Rodney Leach, the chairman of P & O Cruises. "There are a lot of very old ships in operation. Our guess is that some of those will come out in fairly short order."

P & O's real expansion in the cruise sector came after it bought the California-based Princess Cruises in 1975. Cruise profits rose to over £10m before tax in 1978. The following year, however, higher fuel costs and exchange rate losses brought this down to £8.5m. The profit slipped further in 1980 to £7.4m.

As for 1981, said Dr Leach, "for a recession year we are quite satisfied with the results from cruising." Occupancy rates have been above 80 per cent, with Princess drawing strength from its mailing list of a quarter of a million people in the U.S., chiefly on the West Coast, the southern sun-belt and the mid-west.

For some time, P & O has been weighing up the economics of buying a new cruise ship, probably for around £75m. The company has been talking to various shipyards, though a final decision has yet to be taken. "We hope to have something quite innovative before too long," said Dr Leach.

He reckoned a new ship could save P & O as much as £6m a year when compared with one of its existing cruise vessels—most of the economies would be made on fuel and crewing costs. For the moment, though, the company has contented itself with bringing the Sea Princess to UK-based cruising and moving the bigger and older Oriana in its place down to Australia. Its flagship, the Canberra, sails mainly in Caribbean and Mediterranean waters.

The Norway, the largest passenger ship afloat and run by Norwegian Caribbean Lines which has spent $100m on buying and renovating it, also provides competition in the Caribbean.

Bought by NCL some $2\frac{1}{2}$ years ago, the Norway was originally the France, the longest liner ever built and the last French Line transatlantic passenger vessel. Its passenger capacity is 2,000 people against 1,700 for the QE2 and the Canberra.

At one time, in the mid-1970s, the France was sold to a Saudi Arabian businessman who wanted to use it as a combined hotel, casino, and centre of French culture. After finding its way to NCL, it was given a thorough and expensive refit in Bremerhaven.

It is mainly the Finns, the Germans and the French who build and convert the world's cruise liners, though the contracts are by no means always profitable for the yards, despite the high prices.

The very latest cruise ship does not belong to a U.S.-based, Norwegian, or British company, but to Germany's Hapag-Lloyd. The Europa, built at a cost of about DM 170m (£40m) by Bremer Vulkan starts its first cruise on January 8 from Genoa, taking in the whole of the African coast in three stages via Casablanca, Capetown and Madagascar.

The Europa only has capacity for 600 people, less than half that of most new ships, though the Astor—recently launched for another German company—has a similar passenger size with a much smaller tonnage. For this reason, many of Hapag-Lloyd's rivals wonder whether the Europa can ever earn any money.

Herr Hans Jakob Kruse, the executive board chairman, reckons, however, that by concentrating on the top end of the market, the company will do well with its expensive new ship. The first cruise, lasting to January 30, is sold out and bookings for the whole of 1982 are around 80 per cent of total capacity.

"We couldn't be more satisfied," said Herr Kruse. "We seek the exclusive rather than the volume market." The average daily price for someone cruising on the Europa will be about DM 500 (£120). The previous Europa, now sold to Costa of Italy, was a reasonable profit earner and he hoped the new one would continue this.

Clearly, the Europa will be chiefly limited to the German-speaking market and be unable to tap such a range of countries as other companies. Whatever Hapag-Lloyd's ambitions for the new Europa, it has no intention of over-burdening its cruise business with further ships.

The question of whether to build new ships or convert older ones is a matter for fine calculation in view of the massive sums involved. Royal Viking Line, which operates up-market cruises to destinations all over the world, is taking the latter route after totting up the costs.

The three vessels in its fleet are being sliced in half by AG Weser of Germany and having a large mid-section inserted. The Norwegian line's flagship, the Royal Viking Star, has already had this treatment and the other two will be lengthened in 1982 and 1983.

There is certainly no lack of optimism in the cruise market, which has undoubtedly benefited from the development of the underground economy in the U.S., Britain, and elsewhere. Cruise lines have noticed a greater number of small businessmen willing to take cruises, some turning up with wads of cash right at the last minute.

Taking in western and communist fleets—CTC Lines, which is Russian-owned, offers a variety of UK and world cruises—there are only about 100 passenger ships in the whole world, noted Mr John Lancaster Smith, director of the Passenger Ship Association.

Nearly a third of these were built in the past 10 years and since there are only 10 passenger and cruise ships on order, the fleet is likely to dwindle to around 70 vessels, he believed.

Mistakes that can kill you financially

In view of the big investment required and the extreme complexity of the cruise business, companies are likely to think more than twice before paying out $100m or more for a new ship. "There are so many possibilities for making mistakes that can kill you financially," said Mr Bent Zeier of Fearnleys, a major Norwegian shipbroker. "Owners must cherish the fleet as it is, paint the ships up and keep them, and they will last for many more years."

Lombard

The wrong way to choose managers

By Michael Dixon

REVOLUTIONARY statements are not expected from Conservative governments. But the recent White Paper on training contains a sentence which, although befogged by official jargon, implies a radical change. The sentence reads: "Access to skilled work, or training to higher levels, should depend not on the form and structure of previous training but on proven ability."

Skilled work is a large area of employment. As labouring jobs are being diminished by advancing technology, it is the only growing area. It includes not just craft and technical occupations but any work in which success depends critically on use of physical or mental techniques. Management is as much a skilled job as any other and is further-reaching than most in its effects. If the White Paper is right in viewing proven ability as the only proper criterion for admisssion to technical work such as computer programming, the same should apply to management.

By comparison, ability to manage is far more complex and harder to prove. When employers need to pick potentially good managers from young candidates without managerial experience, the necessary skills are extremely difficult to identify. But the chances of finding them are not improved by restricting the search exclusively to people who have done well in work essentially different from management.

An executive's success is rarely determined by ability to work intellectually and individually as though playing chess. Management is usually more akin to cricket. When the Test team needs a new recruit, the cricket selectors choose primarily by the various candidates' performance in the lower-grade county game. Although this is unsure evidence of ability to succeed at international level, it is the best available. The selectors would never be daft enough to choose instead by performance in academic study even if its subject were ballistics or another topic related to the game.

Yet that is how big organisations increasingly go about picking their future managers. They rule out anyone who has not attained some given level in the hierarchy of academic examinations. This criterion is not only an unreliable indicator of practical ability to manage. The academic cut-off excludes from the employer's view many young people who have shown relevant skill in other ways, such as by running school societies.

The cut-off also influences parents. Those ambitious for their children see that passing academic exams as more crucial than practical studies to a child's prospects of the better-rewarded jobs. Such parents press schools to stick to scholarly curricula even though most pupils, however bright otherwise, have no great talent for pure scholarship.

One result is that children in general are schooled for at best academic mediocrity rather than in working skills and other practicalities of adult life. But more perniciously, "training" is despised as a sink into which young people fall because they have failed in education and are destined for lowly occupations ever after.

Training needs to be rid of this taint and made obviously a gateway through which the highest ranks can be approached. If it is not, the Government's expanded training programme can hardly attract the keen co-operation from young people which is necessary to the programme's success in stimulating the economy.

It follows that proven ability must replace not only traditions such as time-serving as the key to craft and technical jobs, but also academic criteria as the prime condition of entry to managerial careers — a radical change indeed. But it would be unlikely to be made by employers in general unless the Government itself led the way.

No organisation is more insistent on irrelevant academic credentials than the Civil Service. It will not accept candidates even for training as computer programmers if they have not gained two GCE Advanced-level passes, despite the proof supplied by the National Computing Centre that people can readily become skilful programmers without any exam success at all.

Letters to the Editor

Advocating a steady, moderate expansionary course

From Professor J. Meade

Sir,—The core of the argument in the article by myself and two colleagues which you published on December 8 was (1) that a primary objective of the whole corpus of financial policies (fiscal, monetary, and foreign exchange rate) should be to keep the total of money expenditures on domestically produced goods and services (e.g. the nominal gross domestic product at factor cost) on a steady, moderate, expansionary course and (2) that, against this background, there must be a radical reform of wage-fixing arrangements designed to put emphasis on the promotion of employment.

Professor Lord Kaldor (December 16) correctly diagnosed the analysis of our article as being basically Keynesian but incorrectly suggested that our proposal for control over the GDP was a gimmick introduced to appease the monetarists. We all search for a set of policies which will enable us to enjoy a high level of production and employment without this leading to an explosive inflation of money wages-cost-prices-incomes. No policy will succeed in this without a radical change in our methods for fixing rates of pay. The basic assumption behind our proposals is that there is more hope of success in this crucial but exceedingly difficult task if financial policy sets an expansion for total money incomes while a decentralised system for setting each rate of pay is required to pay attention to its implications for employment, than if financial policy is designed to ensure full employment with a centralised incomes policy to present general inflation.

Our article concentrated on the best use of the three types of financial policy—fiscal, monetary, and exchange rate—for control of the GDP in such a way as to avoid insuperable balance-of-payments problems and unacceptable implications for the balance between governmental revenues and expenditures. Dr Jeremy Bray (December 14) took exception to our making each of the four policy instruments (wages, fiscal, monetary, and exchange rate measures) exclusively responsible for one of the four policy objectives (employment, GDP, balance of payments, and budget balance) rather than taking into account the effect of each instrument on all the objectives in forming a balanced composite economic policy.

For reasons outlined earlier in this letter our proposals do require that wage-fixing arrangements should be designed as far as possible for the promotion of employment rather than for the control of inflation, of the balance of payments, or of the budget balance. This leaves fiscal, monetary, and exchange-rate policies to control the GDP, the balance of payments, and the budget balance. Here Dr Bray's argument for taking account of the effect of each instrument on all the objectives of policy is a powerful one, though I think that there are good reasons for considering each instrument as being primarily though not exclusively concerned with one objective on the lines of the division of functions outlined in our article.

I would stress that success for our proposals as for all others depends upon a suitable reform of arrangements for setting money wages-cost-prices. Of course, if wage rates shot up by 30 per cent, I would not advocate a fiscal policy to restrain the rise in the GDP to, say, 10 per cent, thus implying a 20 per cent reduction in employment. I would say that the policy had failed, as indeed would in these circumstances have to be said of any other policy.

(Professor) James Meade.
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue, Cambridge.

Letter of credit delays

From Mr M. Page

Sir,—Mr Pike (December 22) appears to think that letters of credit are, by their nature, straightforward, and are only made complicated by the exporter and/or his customer. The truth is that the terms of an LC are usually made by the customer's bank, with, of course, due regard to laws on foreign exchange, imports etc., of the importing country. Thus for Mr Pike to say that beneficiaries accept LCs "quite happily without objecting to the terms" is very often not the case, particularly when one is dealing with a new customer.

There are many constraints—time, upsetting the customer, language difficulties and so on—which make it impractical or impolitic to try to obtain an amendment and the exporter is left with the option of accepting the order on terms which he doesn't much like, or turning it away; Mr Pike may have sufficient contact with the real world to know that export orders are hard to come by at the best of times, let alone in a world recession, and refusing orders because of difficult LC terms is a sure way to lose business to overseas competitors.

I have been involved in exporting for some years and still get LCs wrong; how much worse things must be for those companies which are just beginning to export and have yet to experience the subtle intricacies of the many varieties of LC.

It is surely not beyond the wit of man to devise a simple, standard form of letter of credit, intelligible to exporters and importers, and their banks.

Max Page.
32 Hornsey Lane Gardens, N6

Sponsorship of literature

From the Secretary-General, Arts Council of Great Britain

Sir,—The suggestion by Mr Mike Shields (December 17) that literary magazines should actively seek commercial sponsorship is an excellent one. It has been made by the Arts Council itself on many occasions.

It is true that, as Mr Shields states, several of the best literary magazines in the country have died for lack of support. I should like to make it clear, however, that the cause of death was indeed (as in the recent case of The New Review), lack of support from advertisers, literary journalists and readers, and not lack of subsidy.

It is, however, not true that the literary magazines that remain are "permanently short of cash, unable to pay contributors, and usually run at a considerable loss by their editor/publishers." Literary magazines of sufficiently high standard are subsidised either nationally by the Arts Council or regionally by the appropriate regional arts association. One of the conditions of subsidy is that contributors must be paid.

(Sir) Roy Shaw,
Arts Council of Great Britain,
105 Piccadilly, W1.

Credit card surcharges

From Mr D. Latimer,

Sir,—Now that the Government has outlawed the surcharging of credit card customers it seems pertinent to examine, once again, the mechanics of this area of credit finance.

The UK credit cards are operated by the "Big Four"; Barclays having its own card; the Midland, Lloyds and National Westminster operating Access through the Joint Card Credit Company.

The banks, by their inflexible cheque encashment policy and business hours, have made such cards a necessity. Anyone who ever needs to make a purchase of over £50 must have one or both of these cards to enable him to make the purchase.

The credit card business makes the banks millions upon millions of pounds per year. At 27 per cent monthly compound interest on a lending facility which is only available to "vetted" customers, the banks just have to sit back and watch the money pour in.

Not content with these windfall profits they also grind down the retailers' profits as far as possible. As much as 4 per cent or 5 per cent will be charged unless you have "sufficient turnover" to make a reduced percentage rate interesting to them. In most businesses this represents the net profit figure, which means on credit card transactions there is no profit.

Taking into account the massive windfall profits of the banks last year (which, with interest rates again on the increase, will doubtless be repeated this year) and the excessive bank charges most businesses already suffer, the Government should step in and ban the credit card companies charging the retailers in the first place. The credit card companies would still make more than enough from charging interest to their account holders, although, indeed, this rate should be frozen or reduced. The banks talk of convenience to retailers of using credit cards, while "forgetting" the vast reduction in paperwork it entails for them. It is high time that, in this as in other areas, the banks stopped telling us what a favour they were doing for us and actually gave an adequate service.

D. C. Latimer,
13-15 Davies Street,
Berkeley Square W1,

First half loss again for Heal

First half 1981-82 losses by Heal and Sons, the retail furnishing, bedding and furniture group, were similar to those in the same period of last year. For the whole of 1980-81 group pre-tax loss amounted to £767,000.

In a letter to shareholders, Mr Oliver Heal, chairman, says that sales in the group's retail division had improved substantially, but those on the non-retail side had declined. Further rationalisation of the non-retail divisions has been carried out and their size reduced.

The chairman says that after taking into account the reorganisation costs, which fell mainly in the second half of the year, it is unlikely that the group will improve on last year's trading result.

Although difficult trading conditions are expected to continue, the directors anticipate reducing the level of losses substantially next year.

The company has now completed the sale of the Widmore Road property in Bromley. This sale, together with the sale of the Bromley shop, resulted in a capital profit of £225,000.

Mr Heal told shareholders that the company's initial application for planning consent to rebuild the obsolete buildings and to convert others to offices at the rear of the group's Tottenham Court Road site has been rejected.

An appeal against this decision is being made, but talks are continuing with the planning authority on possible alternative schemes.

The Colonial Mutual Life Assurance Society and a subsidiary have purchased 19,009 ordinary shares in Heal, bringing their total holding in the company to 31,534 shares (approximately 25 per cent).

SPAIN

December 29	Price %	+ or −
Banco Bilbao	335	+2
Banco Central	335	+13
Banco Exterior	303	
Banco Hispano	325	
Banco Ind Cat	115	
Banco Santander	347	
Banco Urquijo	214	
Banco Vizcaya	355	+3
Banco Zaragoza	216	+2
Dragados	130	−5
Espanola Zinc	60	
Fecsa	64.5	−0.5
Gal. Preciados	42	−2
Hidrola	74	+1
Iberduero	57	−1
Petroleos	87	−3
Petroliber	101	−2
Sogefisa	40	
Telefonica	73	+2.5
Union Elect.	71	+[illegible]

Blackgang contribution aids Vectis at year-end

INCLUDING three months' contribution from Blackgang Hotels amounting to £157,000, taxable profits of Vectis Stone Group, the Isle of Wight fuel distribution, building and toiletries concern, finished the September 30, 1981 year ahead from £815,000 to £873,000.

The net figure was boosted by a tax credit of £96,000 (£351,000 charge) to £969,000, compared with £464,000, giving earnings per 10p share of 7.93p (4.16p).

A same-again final dividend of 1.2p net, payable on Februa[r]y 27, maintains the total payment at 1.8p.

At the interim stage profits had fallen from £323,000 to £307,000 and the directors said that with no clear sign of any improvement in trading conditions generally, the full year's profit was likely to be less than that for 1979-80.

Sales from supplies and services for building and construction, including civil engineering work executed, amounted to £4.09m (£4m) for the 12 months, toiletries contributed £1.87m (£1.47m), and hotel and catering sales—Blackgang—were £424,000 for the period.

Operating remuneration allowed for fuel distribution was £1.41m (£1.37m) for sales of £20.69m (£19.11m).

Interest charges took £9,000, against £13,000, and after tax, and dividends of £250,000 (£210,000), the retained balance came through well up at £719,000 (£254,000).

On a current cost basis the pre-tax figure for the year is reduced to £602,000 (£500,000).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Armour Trust, Philip Harris.
Finals: J. F. Nash Securities, Watson and Philip.

FUTURE DATES

Interim—
Hogg Robinson .... Jan 12
Finals—
Lowe (Robert H.) .... Jan 8
Warner Estate .... Jan 28

● comment

Vectis Stone's figures are unlikely to get the sands of Alum Bay shifting but for a mini-conglomerate, largely stuck within the confines of the Isle of Wight, the figures are respectable. Yesterday the shares jumped 4p to 28p. Despite the diversification attempts of recent years the major chunk of profits still comes from building products and civil engineering where profits fell some £80,000 to £90,0000 lower than the previous year's £480,000. Like others activity remains flat and the order book thin. But Vectis has at least one advantage—thanks to the Solent, Vectis takes around half the civil engineering business on the island, which gives it a pretty good "foot in the door." Looking at its diversification attempts—made to offset the cyclical nature of civil engineering—heating oil has been a bright performer. Oddly, it has been the operation in South Wales which has made all the difference. It went above the BP target giving it a nice boost to profits. Elsewhere, cosmetics saw sluggish demand and cut-throat prices. Finally the new addition, Blackgang, has lived up to forecast, though, thanks to the charging of pre-season losses, the three-month contribution is worth more than the full year. Looking forward civil engineering must remain an uncertain area but overall the group should be capable of more or less holding steady, the weakest area is probably cosmetics. Meantime Vectis has probably reached the limit of its diversification for a while. Expansion within existing areas is not discounted. The price puts a market value on the company of £3.9m. The p/e on stated earnings of 4.68p is 5.7 and the yield 9.6 per cent. The Henton family holds 17 per cent and, though without a board representation, is not a passive partner so there is no obvious weak link in the share holding.

Borthwick cautious about Australia

DESPITE WORLDWIDE conditions in the meat industry remaining depressed, Mr R. C. Wheeler-Bennett, chairman of Thomas Borthwick and Sons, says the group envisages a further period of consolidation designed to continue its programme towards profitability.

He tells members in his annual review that the future of the industry in Australia and, to a lesser extent, in New Zealand, is full of uncertainties. The group, however, expects continued profits "at a moderate level" from New Zealand, but "must be less confident" of the position in Australia.

The chairman is cautious on retail activities in the UK and France; undramatic growth is expected from these sectors. He adds that until there is an upturn in real consumer incomes, little change can be expected.

New management in Barnett and Foster is beginning to reap benefits from action taken—staff reductions, streamlined product ranges—and Midland Cattle Products has started the current year well. Both this company and Burton, Sons and Sanders are facing fierce competition, Mr Wheeler-Bennett states.

As known the group reduced its losses from £10.5m to £1.61m for the year ended September 30 1981.

Numerous operating improvements have been achieved in the group's Australian operations. The management structure has been extensively reorganised: there have been large staff reductions; a review of the commercial and sales policy has been undertaken with beneficial effects, and a programme of implementing cost reductions is proceeding.

The auditors point out that in October the directors agreed with the group's bankers, its borrowing facilities up to November 30 1982. The directors are satisfied that the facilities negotiated will continue to be available and are adequate for the ensuing year.

Balance sheet shows that long-term loans were reduced from £32.57m to £6.3m, but other borrowings were increased to £76.13m, against £54.6m. Of these, bank overdrafts amounted to £18.92m (£29.28m), and bank loans £40.1m (£13.04m).

Meeting, 87, Bartholomew Close, EC, January 28 at noon.

See Lex

IN BRIEF

ASSOCIATED TOOLING INDUSTRIES (engineer)—Pre-tax profits for half-year to August 31 1981 £82,358 (£90,887); turnover £320,637 (£577,472); tax £37,000 (£36,000). Interim dividend 1.8p (same), stated earnings per 25p share 3.2p (3.1p). Directors say profit for second half should be similar to that of first half.

BELL AND SIME (timber importer and sawmiller)—Sales for half year to October 31 1981 £2.31m (£2.45m) and pre-tax loss £11,820 (£29,956 profit). Interest paid £71,832 (£707,407); tax £3,375 (same). Loss per 25p share 4.02p (6.43p earnings). Interim dividend 1.75p (same) net. Board expects that profit margins will continue to be under pressure. The group's new trade collect and retail department, however, is progressing favourably.

BISICHI TIN COMPANY—For six months to June 30 1981: pre-tax profits £125,000 (£361,000), tax £56,000 (£181,000), retained £69,000 (£180,000). Earnings per 1p share 1.05p (2.76p). Chairman says full year results should be satisfactory. No remittances have been received from Nigeria during the period.

BRUNNER INVESTMENT TRUST—Attributable to ordinary shareholders for year to November 30 1981 £962,374 (£884,743); stated earnings per 25p share 3.01p (2.76p); net asset value per share 104.2p (98.8p). Final dividend 1.7p (1.55p), making 3p (2.75p). Gross income for year, £1.7m (£1.54m); expenses, loan debenture interest, £229,563 (£182,831); tax £483,387 (£476,619).

HILL THOMSON (blenders and bottlers of Scotch whisky)—Turnover (including duty) for year to July 31 1981 £11.14m (£10.7m), attributable profit £1.25m (£1.98m); after tax £125,000 (credit £542,000); earnings per share 27.13p (43.23p). Company is wholly owned subsidiary of The Seagram Company (Canada).

EDWARD JONES GROUP (building contractor and property developer)—For first half of 1981, turnover £1.91m (£2.44m), pre-tax loss £70,000 (£22,000 profit). Tax nil (£11,030) and loss per 10p share 1.62p. A modest trading profit is anticipated in the second half, but a charge of some £75,000 will be incurred for redundancy and closure expenses.

PICCADILLY THEATRE—Turnover for year to September 30 1981 £229,440 (£171,505); pre-tax profit £129,351 (£103,282). Tax £71,035 (£54,217). Earnings per 25p share 6.3p (5.1p). Dividend 3p (2p).

ROCHE PLANT GROUP (hire, sale and service of fork lift trucks)—Pre-tax profit for six months to June 30 1981, £28,444 (£68,000) after interest charges of £231,000 (£129,000) and depreciation £194,000 (£173,000). Turnover £2.57m (£2.12m). Tax nil (same). Stated earnings per 10p share 0.4p (1.2p). An improvement has been experienced in second half activity says the board but margins have remained under severe pressure which must influence the out-turn for the year. Interim dividend nil (same). A decision on a final will be made when results for the year are known.

WILSON PECK—Turnover half year to September 30, 1981 £320,696 (£210,621). Profit £5,678 (loss £23,513) after tax credit £4,371 (charge £176). Loss attributable £20,797 (profit £40,293). Earnings per share 0.001p (loss 0.0227p). Extraordinary items—expenditure relating to the closure of the music business £26,065 (nil), surplus on sale of lease nil (£116,506) and expenditure re restoration of listing, etc. nil (£52,300). Mr P. B. Short, chairman, says that while he cannot predict a return to profit for full year to March 1982, the company is well placed to respond to opportunities as they arise and return to profit should not be too far away. Principal activities in property field generated profit after tax of £19,426. Music division has been closed. This resulted in extraordinary loss of £26,065 in addition to the further trading loss for the division of £14,158 after tax.

RUSSELL BROTHERS (PADDINGTON) (shopfitter, specialist joiner and exhibition contractor)—Pre-tax loss £72,600 (£24,000 profit) for six months to August 31, 1981. Turnover £815,400 (£789,000). Tax credit £15,300 (£9,700 charge). Interim dividend 1.25p (same), payable February 5. Mr E. R. Russell, chairman, waiving dividend on his holding of 221,020 shares.

WADE POTTERIES (ceramics manufacturer)—Results for the year to July 31 1981 reported November 19. Shareholders' funds £4.54m (£5.2m). Fixed assets £2.36m (£2.65m). Decrease in working capital £1.14m (£207,921 increase). Decrease in net liquid funds £607,499 (£768,454 increase). Meeting: Burslem, Stoke-on-Trent, January 5, noon.

New look for Royal's life division

By Eric Short

From January 1, 1982, the world-wide life and pensions business currently controlled by the life division of Royal Insurance Group will be transferred to a new subsidiary company, Royal Life Insurance.

This development represents the culmination of a decade of movement during which the life and pensions operations have steadily acquired more autonomy. But it also represents the move within Royal Group to establish its various insurance operations as separate profit centres within the group.

Finally, it is in line with EEC attitudes to insurance which insists on the separation of long-term and short-term business and does not allow the operation of composites in the style known in the UK. The 1981 Insurance Companies Act will not allow any new composite insurance operation to be formed.

Royal Life will be among the largest of life companies in the UK. Its funds at the beginning of 1982 will amount to £1.3bn, of which 90 per cent is in the UK. Life business is also transacted in Australia, Canada, New Zealand and the Republic of Ireland. There are 15 specialist life branches and over 300 specialist life salesmen.

The new company, to be known as Royal Life, plans a major development next year into the unit trust, unit-linked life assurance and unit-linked pensions field.

It considers that the formation of a separate company within the group will enable it to achieve its plans for a greater share of the life market and also recruit and retain expert staff.

The UK and international operations of Royal Life will be controlled from its head office in Liverpool, with Mr Tony Baker as general manager and chief actuary of the company, and Mr Hugo Johnson as deputy general manager and actuary.

Newman-Tonks encouraged

Order books in general at Newman-Tonks Group, the metal hardware manufacturer, had remained more buoyant than at the same time last year and overall budgets for the current year were encouraging, Mr Michael Wright, the chairman, told the annual meeting.

Mr Wright said that profits had built up quite significantly during the second half of last year and he believed this trend would continue throughout the current year.

For the year ended July 31 1981, pre-tax profits were £1.44m (£1.78m) on turnover of £35.78m (£37.34m). Second-half taxable figures rose from £748,000 last time to £924,000.

YEARLINGS UP

The interest rate for this week's issue of local authority bonds is 15¾ per cent, up an ⅛ of a percentage point from the last issue two weeks ago. The bonds are issued at par and are redeemable on January 5 1982.

A full list of issues will be published in tomorrow's edition.

GT. PORTLAND

The recent rights issue announced by Great Portland Estates has been accepted as to 16,250,019 shares—approximately 94.2 per cent.

BIDS AND DEALS

Offer to be made for Bazaloni

Closerule and its associate, Saraf Industries, has acquired from Walter Duncan and Goodricke and Associated Companies 128,413 shares (51.3 per cent) in Bazaloni Holdings. The price was £7 per share payable in cash. Some 22,500 of the shares have been acquired by Saraf, bringing its holding to 57,997 shares (23.2 per cent).

Closerule will be making an unconditional offer for all the capital of Bazaloni on the basis of £7 cash for each £1 share.

An irrevocable undertaking to accept the offer has been given to Closerule by a shareholder holding 83,748 shares (33.5 per cent). This undertaking is subject to the consent of the Reserve Bank of India.

The terms of the offer are recommended by the board of Bazaloni and the formal offer document will be sent to shareholders in the next few weeks.

CHARTERHOUSE DEVELOPMENT

Charterhouse Development Capital has acquired for £205,000 a minority equity shareholding in Filtration and Transfer, a Poole, Dorset, based fabricator of plant and equipment and supplier of specialist filters to the hydrocarbon and process industries.

Filtration and Transfer was founded in 1971 by the current managing director, Mr Jeff Neville, and his two partners, Mr Roger Freegard and Mr Gordon Phillips. Turnover, which in the year ended September, 1981, was £2.2m, continues to grow and the company recently announced a £1.2m contract with British Gas Corporation for shell and tube exchangers for the Rough Field.

It designs and manufactures a wide range of heat exchangers and specialised filtration equipment in the UK and is an approved contractor for all major oil companies and contractors.

DE VERE HOTELS' LONDON DISPOSAL

De Vere Hotels and Resturants has sold the De Vere Hotel, Hyde Park Gate, London, for £2,350,000. As previously announced, the Manor House Hotel, Leamington Spa has also been sold and it is confirmed that the purchase price in relation to this sale was £780,000.

These sales, which give rise to a surplus of £430,000 over their valuation at December 31, 1980, will not only improve the company's liquidity, but will also assist its trading figures since the hotels concerned had been adversely affected by the general economic situation, the company says.

MELLINS

The recommended dividends on cumulative preference shares of Mellins, due on December 31 1976 and June 30 1977 will be paid on January 14 1982.

UK PROVIDENT

Aurora Energy Fund has concluded a private placement of 1m common shares with UK Provident Life Insurance at C$2 per share and as a result UK Provident now holds around 15 per cent of Aurora's stock. Aurora will use the proceeds to expand its business.

GRAYLAW

Graylaw Holdings has acquired a controlling interest in Flameless Furnaces, a fluidised bed process engineer, specialising in the generation of energy from the combustion of a variety of waste materials, low grade fuels and coal.

MINING NEWS

Staff cuts for U.S. companies

BY GEORGE MILLING-STANLEY

IN RESPONSE to the deepening recession in the U.S., and the continuing depressed state of worldwide demand for metals, two big north American metal producers have announced cuts in their workforces.

Atlantic Richfield's Anaconda Copper subsidiary is to lay-off 200 workers at its big Berkeley Pit copper mine in Butte, Montana, while Kaiser Steel has laid off 150 staff at its Eagle Mountain iron ore mine in California.

Anaconda said that the lay-offs are an attempt to keep the mine open following record operating losses of more than $50m (£26m) this year.

Anaconda's problems have worsened in recent months as the copper price has fallen from the already low level of around $1 per pound to some 73 cents.

Last year, the company eliminated 1,500 jobs in Montana when it closed a smelter in the town of Anaconda and a refinery at Great Falls. Production was switched to Japan as a result of problems in complying with U.S. environmental regulations.

Kaiser Steel said that in addition to the layoffs, it has begun a two-week shutdown at Eagle Mountain because of poor demand for iron ore. The mine will re-open on January 4, but at a reduced level of operation.

The company described the move as the first stage of its plan to close the mine permanently in 1983.

The closure is part of a programme of rationalisation, under which Kaiser's Fontana steelworks will concentrate on processing semi-finished steel into finished products, rather than on primary steelmaking operations.

Tanks advises holders to accept Belgian offer

WITH THE news that Belgium's Société Générale de Belgique now holds 88.81 per cent of the shares in Tanks Consolidated Investments, the directors of the latter have written to shareholders advising those who have not yet accepted SG's offer of 450p per share in cash to do so.

In October this year, a committee of the independent directors of Tanks told shareholders that the offer undervalued the company by 110p, and they were trying to induce the Belgian company to raise its offer, or at least allow holders to participate in the future of the group by offering them a share alternative.

LONDON TRADED OPTIONS

Dec. 29. Total Contracts 485. Calls 426, Puts 59.

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	260	60	—	66	2	—	—	318p
BP (c)	300	5	—	18	5	22	—	"
CU (c)	120	12	—	17	—	24	1	130p
CU (c)	130	6	—	15	1	17	—	"
CU (c)	140	3	—	8	6	12	—	"
Cons. Gld (c)	500	12	—	33	1	54	1	484p
Ctlds. (c)	60	16	4	20	—	23	—	75p
Ctlds. (c)	80	2½	7	4½	—	8	11	"
GEC (c)	700	130	3	147	—	170	—	821p
GEC (c)	750	80	15	102	—	130	—	"
GEC (c)	800	36	52	60	2	84	—	"
GEC (p)	850	10	—	30	30	54	3	"
GEC (c)	750	3	—	13	2	22	—	"
GEC (p)	800	10	2	22	—	32	—	"
Gr'd Met. (c)	180	11	34	17	—	23	—	187p
Gr'd Met. (c)	200	3	—	8	10	15	—	"
Gr'd Met. (p)	200	16	—	20	1	24	—	"
ICI (c)	240	48	12	54	—	62	—	284p
ICI (c)	260	30	—	40	5	48	—	"
ICI (c)	280	11	44	24	10	40	—	"
ICI (c)	300	4	1	14	20	25	—	"
ICI (p)	280	9	1	14	23	19	—	"
ICI (p)	300	22	1	24	10	28	—	"
Land Sec. (c)	260	42	6	53	—	—	—	297p
Land Sec. (c)	312	5	6	—	—	—	—	"
Mks. & Sp. (c)	120	8	7	15	—	20	—	126p
Mks. & Sp. (c)	130	4½	—	8½	5	14½	—	"
Mks & Sp (c)	140	2	1	5	—	—	—	"
Shell (c)	390	18	1	37	1	48	—	398p
Shell (c)	420	5	—	19	—	30	2	"
Shell (p)	390	9	6	20	—	24	—	"
		February		May		August		
Imperial (c)	60	14½	10	15½	—	17	—	73p
Imperial (c)	70	6½	12	8	35	11½	—	"
Lasmo (c)	460	22	2	37	—	57	—	427p
Lasmo (c)	500	12	—	25	—	40	1	"
Lonrho (c)	80	3½	50	6½	3	9	—	76p
Lonrho (c)	90	1½	—	3	—	4	8	"
Lonrho (p)	80	7	4	10	—	14	—	"
Racal (c)	460	13	—	28	1	42	—	430p
Racal (p)	420	18	2	25	—	33	—	"
RTZ (c)	500	60	1	62	—	64	—	448p
RTZ (p)	550	110	2	110	—	—	—	"

C=Call P=Put

CORAL INDEX
Close 521-526 (+5)

CURRENCIES, MONEY and GOLD

$ and £ quiet

[D]ollar showed little change in [a] quiet end of year trading. [Th]e foreign exchange market [see]med to be mainly concerned [wi]th book squaring operations, [an]d there was no apparent [re]action to news that President [Re]agan is to impose economic [san]ctions on the Soviet Union [fol]lowing the imposition of [m]artial law in Poland.

[S]terling was also quiet, but [rea]cted favourably to the down[war]d trend in Eurodollar interest [rat]es, while generous interven[tion] by the Bank of England in [th]e money market took the [im]mediate upward pressure off [Lo]ndon rates.

[E]uropean currencies recorded [sm]all mixed changes, and there [wa]s very little movement within [th]e European Monetary System. [T]he French franc was slightly [ah]ead of the Irish punt at the [to]p of the system, and the [Be]lgian franc was the weakest [m]ember, but only slightly below [th]e D-mark.

DOLLAR — trade-weighted [in]dex (Bank of England) was un[c]hanged from Christmas Eve at 107.7. The U.S. currency rose to DM 2.2710 against the D-mark in [L]ondon yesterday from DM 2.2700 in New York on Monday, but fell [s]lightly from DM 2.2795 in London on Thursday. It also fell [t]o SwFr 1.8050 from SwFr 1.8090 [a]gainst the Swiss franc in the U.S. on Monday, and SwFr 1.8175 [i]n London on Thursday, and [w]eakened to Y222 from Y222.60 [i]n terms of the yen in New York, [b]ut rose from Y220.85 in London [o]n Christmas Eve.

STERLING — trade-weighted [i]ndex (Bank of England) fell to 90.5 from 90.6, after standing at 90.6 in the morning and at noon. The pound traded within a [n]arrow range of $1.8870-1.8970, [b]efore closing at $1.8900-1.8920, [u]nchanged from the previous New York close, and up 10 points from Thursday's London close. The pound fell to DM 4.2950 from DM 4.30 on Christmas Eve, to SwFr 3.41 from SwFr 3.43, to FFr 10.8550 from FFr 10.8750, and rose to Y419.75 from Y416.50.

D-MARK—Showing a slightly firmer tendency compared with levels set after October's re-shuffle in the European Monetary System. However against the dollar the D-mark has steadily lost ground this month although it is still much firmer than levels touched earlier this year—The Bundesbank did not intervene when the dollar rose to DM 2.2712 from DM 2.2685 at the Frankfurt fixing. In the afternoon the U.S. currency continued to advance slightly to around DM 2.2720. The D-mark lost ground to most currencies at the fixing, with the Dutch guilder rising to DM 90.98 per 100 guilders from DM 90.9150, and the Swiss franc to DM 1.2585 from DM 1.2560. The French franc improved to DM 39.55 per 100 francs from DM 39.4650, but sterling fell to DM 4.3000 from DM 4.3100, and weakened to DM 4.2925 in late trading.

BELGIAN FRANC — Trading comfortably within its divergence limit in the EMS, but now the weakest member of the system once again. Action by the Belgian National Bank to discourage speculation against its currency and the formation of a coalition government after a period of political crisis have helped contain pressure on the franc—The Belgian franc showed mixed changes at the Brussels fixing. It was unchanged at BFr 38.40 against the dollar, while sterling fell to BFr 72.8125 from BFr 72.94. Within the EMS the D-mark declined to BFr 16.90 from BFr 16.9305, and the Danish krone to BFr 5.19 from BFr 5.2030, but the French franc rose to BFr 6.69 from BFr 6.6635, and the Dutch guilder to BFr 15.4035 from BFr 15.3795.

THE POUND SPOT AND FORWARD

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8870-1.8970	1.8900-1.8920	0.30-0.20c pm	1.59	0.80-0.70 pm	1.59
Canada	2.2320-2.2410	2.2390-2.2410	0.05c pm-0.05 dis	—	0.10pm-0.10dis	—
Nethlnd.	4.71-4.74	4.71½-4.72½	1¾-1¼c pm	3.81	5½-4⅞ pm	4.34
Belgium	72.40-72.90	72.60-72.80	45-85c dis	−10.73	90-130 dis	−6.05
Denmark	13.95-14.00	13.97-13.99	5⅜-4⅜ore pm	4.18	8-6½ pm	2.07
Ireland	1.2016-1.2115	1.2025-1.2045	0.30-0.42p dis	−3.59	0.80-1.07dis	−3.11
W. Ger.	4.28-4.31	4.29-4.30	1¼-¾pf pm	2.79	5⅜-4⅜ pm	4.54
Portugal	123.70-124.70	123.90-124.10	25-185c dis	−10.16	50-395 dis	−7.18
Spain	184.25-185.25	184.50-184.70	5-30c dis	−1.14	10-70 dis	−0.87
Italy	2,285-2,294	2,286½-2,288½	13-16lire dis	−7.81	45-49 dis	−8.22
Norway	11.04-11.10	11.06½-11.08½	2¼-⅞ore pm	1.86	5⅞-3⅞ pm	1.78
France	10.84-10.89	10.85-10.86	par-1c dis	−0.55	3⅜-4⅞ dis	−1.38
Sweden	10.54-10.58	10.55-10.57	2⅝-1⅞ore pm	2.48	9⅝-9 pm	3.55
Japan	417-423	419⅜-420⅜	3.30-2.80y pm	8.72	9.10-8.80 pm	8.43
Austria	30.05-30.20	30.08-30.13	15-10gro pm	4.98	46½-36½ pm	5.51
Switz.	3.40-3.44	3.40½-3.41½	1⅜-⅞c pm	3.96	4⅜-4⅜ pm	5.28

Belgian rate is for convertible francs. Financial franc 79.55-79.65. Six-month forward dollar 0.90-0.80c pm. 12-month 1.25-1.05c pm.

THE DOLLAR SPOT AND FORWARD

Dec 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8870-1.8970	1.8900-1.8920	0.30-0.20c pm	1.59	0.80-0.70pm	1.59
Ireland†	1.5630-1.5725	1.5660-1.5710	0.75-0.65c pm	5.35	2.00-1.70 pm	4.72
Canada	1.1808-1.1860	1.1855-1.1860	0.20-0.25c dis	−2.28	0.45-0.50dis	−1.60
Nethlnd.	2.4900-2.5000	2.4930-2.4980	0.60-0.45c pm	2.52	1.80-1.65pm	2.76
Belgium	38.25-38.47	38.44-38.46	25-35c dis	−9.37	50-70 dis	−6.24
Denmark	7.3800-7.4050	7.3920-7.4020	1.40-1.15ore pm	2.07	0.75-0.25 pm	0.27
W. Ger.	2.2660-2.2760	2.2705-2.2715	0.53-0.43pf pm	2.54	1.80-1.70 pm	3.08
Portugal	65.45-66.00	65.45-65.70	25-105c dis	−11.89	65-235 dis	−9.15
Spain	97.55-97.85	97.70-97.80	20-35c dis	−3.37	55-75 dis	−2.66
Italy	1,209-1,211	1,209¾-1,210¾	8¾-9¾lire dis	−9.17	27-30 dis	−9.42
Norway	5.8400-5.8625	5.8500-5.8600	0.80-0.30ore pm	1.13	1.00-0.50 pm	0.51
France	5.7200-5.7525	5.7400-5.7450	1.00-1.30c dis	−2.40	4.40-4.90dis	−3.24
Sweden	5.5740-5.5830	5.5780-5.5830	0.45-0.30ore pm	0.81	2.70-2.55 pm	1.88
Japan	221.00-222.05	221.95-222.05	1.35-1.20y pm	6.89	3.85-3.70 pm	6.80
Austria	15.89-15.93	15.92-15.93	5⅞-3⅞gro pm	3.39	17¼-12½ pm	3.77
Switz.	1.8000-1.8150	1.8045-1.8055	0.49-0.39c pm	2.92	1.79-1.69 pm	3.85

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Dec. 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	90.5	−35.3
U.S. dollar	107.7	+1.1
Canadian dollar	88.9	−16.1
Austrian schilling	116.9	+24.5
Belgian franc	105.3	+8.4
Danish kroner	87.1	−10.2
Deutsche mark	122.0	+43.6
Swiss franc	154.1	+105.1
Guilder	114.2	+19.4
French franc	80.8	−14.5
Lira	55.7	−57.4
Yen	144.0	+38.6

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Dec. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	(u)	(Unavail)
U.S. $	12	1.15854	"
Canadian $	15.00	(u)	"
Austria Sch.	6¾	18.4335	"
Belgian F.	15	44.4879	"
Danish Kr.	11	8.56161	"
D mark	7½	2.62815	"
Guilder	9	2.89577	"
French Fr.	9½	6.66392	"
Lira	19	1402.12	"
Yen	5½	256.964	"
Norwgn. Kr.	9	6.79194	"
Spanish Pts.	8	113.074	"
Swedish Kr.	11	6.45654	"
Swiss Fr.	6	2.09348	"
Greek Dr'ch.	20½	—	"

OTHER CURRENCIES

Dec. 29	£	$		£ Note Rates
Argentina Peso	19,230-19,250†	10,150-10,200†	Austria	30.00-30.30
Australia Dollar	1.6780-1.6800	0.8880-0.8885	Belgium	79.25-81.25
Brazil Cruzeiro	240.56-241.56	127.15-127.80	Denmark	13.94-14.06
Finland Markka	8.280-8.308	4.3860-4.3880	France	10.82-10.97
Greek Drachma	106.575-109.858	57.80-58.20	Germany	4.28-4.33
Hong Kong Dollar	10.72½-10.75½	5.68½-5.69½	Italy	2280-2330
Iran Rial	150.00*	79.25*	Japan	420-425
Kuwait Dinar (KD)	0.531-0.537	0.2819-0.2821	Netherlands	4.71-4.76
Luxembourg Fr.	72.60-72.80	38.44-38.46	Norway	11.03-11.13
Malaysia Dollar	4.2280-4.2380	2.2400-2.2430	Portugal	124-138
New Zealand Dlr.	2.2955-2.2975	1.2160-1.2170	Spain	183½-193
Saudi Arab. Riyal	6.45-6.51	3.4190-3.4220	Sweden	10.52-10.62
Singapore Dollar	3.86-3.87	2.0455-2.0485	Switzerland	3.40½-3.44½
Sth. African Rand	1.8210-1.8230	0.9630-0.9640	United States	1.88½-1.90½
U.A.E. Dirham	6.92-6.98	3.6720-3.6740	Yugoslavia	87-91

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU December 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.4106	+1.60	+0.85	±1.5368
Danish Krone	7.91117	7.95468	+0.55	−0.20	±1.6412
German D-Mark	2.40989	2.44565	+1.48	+0.73	±1.1077
French Franc	6.17443	6.18763	+0.21	−0.54	±1.3733
Dutch Guilder	2.66382	2.68962	+0.97	+0.22	±1.5063
Irish Punt	0.684452	0.685976	+0.24	−0.51	±1.6688
Italian Lira	1300.67	1303.66	+0.23	+0.23	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for December 29 .... 0.569012

EXCHANGE CROSS RATES

Dec. 29	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.891	4.295	419.8	10.855	3.410	4.720	2288.	2.240	72.70
U.S. Dollar	0.529	1.	2.271	222.0	5.740	1.803	2.496	1210.	1.185	38.45
Deutschemark	0.233	0.440	1.	97.73	2.527	0.794	1.099	532.6	0.522	16.93
Japanese Yen 1,000	2.382	4.505	10.23	1000.	25.86	8.124	11.24	5450.	5.337	173.2
French Franc 10	0.921	1.742	3.957	386.7	10.	3.141	4.348	2107.	2.064	66.97
Swiss Franc	0.293	0.555	1.260	123.1	3.183	1.	1.384	670.8	0.657	21.32
Dutch Guilder	0.212	0.401	0.910	88.93	2.300	0.722	1.	484.6	0.475	15.40
Italian Lira 1,000	0.437	0.827	1.878	183.5	4.745	1.491	2.063	1000.	0.979	31.78
Canadian Dollar	0.446	0.844	1.917	187.4	4.846	1.522	2.107	1021.	1.	32.46
Belgian Franc 100	1.376	2.601	5.908	577.4	14.93	4.691	6.492	3146.	3.081	100.

FT LONDON INTERBANK FIXING (11.00 a.m. DECEMBER 29)

3 months U.S. dollars		6 months U.S. dollars	
bid 14	offer 14 1/8	bid 14 7/8	offer 15

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Dec. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅝-14⅝	12¾-13	9-11	10½-10½	1-1½	9-9⅛	15⅛-15⅝	16-18	14-17	5¾-6
7 days' notice	15-15¼	13⅞-14⅛	9-11	10¾-11	21-22	12-12⅛	15⅛-15⅝	20½-24⅛	17-24⅛	6-6⅛
Month	15⅝-15½	13⅛-13¾	16⅛-16½	10⅞-11⅛	9¾-9⅞	10⅛-10¼	15½-15⅞	22⅜-24⅛	21⅝-25	6⅛-6⅜
Three months	15⅞-15⅞	13⅞-14⅛	15⅞-16¼	10⅞-11⅛	9⅞-10	10⅛-10⅜	17-17⅜	23⅞-24¾	19⅞-21⅝	6⅛-6⅜
Six months	15⅞-16	14¾-15	16⅜-16⅜	10⅞-11⅛	9⅜-9⅞	10⅛-10⅜	18¼-18¾	24⅛-25	18⅛-21⅛	7⅛-7
One Year	15⅜-15⅜	14⅝-14⅞	16⅜-16¾	10⅞-11⅛	8⅞-8⅞	10⅛-10⅛	18½-19	24-25	18-19⅝	7-7⅛

SDR linked deposits: one month 12¾-13⅛ per cent; three months 13-13⅜ per cent; six months 13⅞-13⅞ per cent; one year 13⅛-13⅜ per cent.

ECU linked deposits: one month 14¾-15 per cent; three months 14¾-15⅛ per cent; six months 15-15⅜ per cent; one year 14⅞-14⅞ per cent.

Asian $ (closing rates in Singapore): one month 13¾-13⅞ per cent; three months 14⅛-14⅜ per cent; six months 14¾-14⅞ per cent; one year 14¼-14⅞ per cent. Long-term Eurodollar two years 15⅛-15⅜ per cent; three years 15¼-15½ per cent; four years 15⅜-15½ per cent; five years 15¼-15½ per cent nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.25-13.35 per cent; three months 13.55-13.65 per cent; six months 14.45-14.55 per cent; one year 14.50-14.60.

MONEY MARKETS

Revised shortage

London clearing bank base lending rates 14½ per cent (since December 4)

Day to day credit was in short supply in the London money market yesterday. The Bank of England gave an early forecast of a £300m shortage and the main factors affecting the market included bills maturing in official hands and a net take up of Treasury bills—£380m and Exchequer transactions—£60m, offset by a fall in the note circulation of £170m.

The Bank gave assistance in the morning totalling £332m. This comprised purchases of £64m of eligible bank bills at 14⅜ per cent in band 1 (up to 14 days) and in band 2 (15-33 days) £1m of Treasury bills at 14⅜ per cent, £1m of local authority bills at 14⅜ per cent and £266m of eligible bank bills at 14⅜-14¼ per cent. Later in the day the shortage was revised to £200m before taking into account the morning's operations. Consequently interbank rates fell away with some amounts taken as low as 1 per cent in the overnight market. The overnight rate opened at 14⅜-14⅜ per cent and rose to 14⅞ per cent before falling away after the Bank's revised forecast. Longer term rates tended to ease reflecting a softer trend in U.S. interest rates.

In Frankfurt the Bundesbank introduced a further repurchase agreement, which will inject an as yet unspecified amount into the money market from January 4 to February 8. The market is currently benefiting from a total of DM 11.9bn in repurchase agreements, unwinding on January 12 and January 26 but the new facility is unlikely to near even half this as banks are well placed at the moment with regard to fulfilling minimum reserve requirements. The extra liquidity will help to reduce loans outstanding through the special Lombard facility however. This latest facility will have a nominal rate of 10 per cent and call money in the money market reacted by falling to 10.45 per cent compared with 10.55 per cent previously.

In Brussels the Belgian National Bank increased rates on short term Treasury bills. The one-month rate was increased to 16.25 per cent from 15.75 per cent and the two-month to 16 per cent from 15.5 per cent. The three-month Treasury bill rate remained at 16 per cent as did four-month bond fund paper.

In Paris the Bank of France cut its money market intervention rate to 14⅞ per cent from 15 per cent when it bought around FFr 3 bn of first category paper from banks to increase market liquidity. Call money was unchanged at 15⅜ per cent.

GOLD

Weaker trend

Gold declined in the London bullion market yesterday. It closed at $394-395, a fall of $9½ from the previous close on Christmas Eve. The metal opened at $395-396, and was fixed at $396.25 in the morning and $395.00 in the afternoon. Trading was quiet, with gold moving within a narrow range of $393½-394½ to $396½-397½.

In Paris the 12½ kilo gold bar was fixed at FFr74,500 per kilo ($403.26 per ounce) in the afternoon, compared with FFr74,200 ($402.15) in the morning, and FFr75,000 ($405.55) Monday afternoon.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $395.50 per ounce, against $402 on Monday.

In Zurich gold finished at $395-396.

	Dec. 29		Dec. 24	
Gold Bullion (fine ounce)				
Close	$394-395	(£208-208½)	$403½-404½	(£213½-214)
Opening	$395-396	(£208⅝-209¼)	$403¾-404¾	(£213½-214)
Morning fixing	$396.25	(£209.324)	$404	(£213.870)
Afternoon fixing	$395	(£208.995)	—	—
Gold Coins				
Krugerrand	$407-408	(£215¼-215¾)	$417-418	(£221-221½)
1/2 Krugerrand	$209½-210½	(£110¾-111¼)	$218-219	(£115½-116)
1/4 Krugerrand	$105½-107½	(£56¼-56¾)	$111-112	(£58¾-59¼)
1/10 Krugerrand	$43½-44½	(£23-23½)	$46-47	(£24¼-25)
Mapleleaf	$408-409	(£215¾-216½)	$418-419	(£221½-222)
New Sovereigns	$97½-98	(£51½-51¾)	$99-99½	(£52⅜-52¾)
King Sovereigns	$113-114	(£59¾-60¼)	$114-115	(£60½-61)
Victoria Sovs.	$113-114	(£59¾-60¼)	$114-115	(£60½-61)
French 20s	$96-106	(£50¾-56)	$97-107	(£51¼-56¾)
50 pesos Mexico	$492-495	(£260¼-262)	$500-502	(£265-266)
100 Cor. Austria	$385-389	(£203¾-205¾)	$392-396	(£207¾-209¾)
20 Eagles	$507-512	(£268¼-270¼)	$508-513	(£269-271¾)

MONEY RATES

NEW YORK

Prime rate	15¾
Fed. funds	13-13¼
Treasury bills (13-week)	11.12
Treasury bills (26-week)	12.13

GERMANY

Special Lombard	10.50
Overnight rate	10.50
One month	11.60
Three months	10.90
Six months	10.70

FRANCE

Intervention rate	14.875
Overnight rate	15.375
One month	15.3125
Three months	15.3125
Six months	15.25

JAPAN

Discount rate	5.5
Call (unconditional)	6.28675
Bill discount (three-month)	6.75

LONDON MONEY RATES

Dec. 29 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	1-14⅛	14½-14¾	—	—	—	1-14¼	—	—	—
2 days notice	—	—	15⅛-15¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅞-15⅛	15¼	—	—	15¼	14-14⅜	—	—	—
One month	15⅛-15	15⅛-15⅜	15⅜	16⅛-16¼	15⅝	15¾	14½	14⅝	14¾	15¾
Two months	15½-15½	15½-16	—	16⅛-16¼	15⅞	16⅛	14½	14⅝-14⅞	14⅞	15¾
Three months	15⅞-15¾	15⅞-16⅛	16	16⅜-16⅛	16	16¼	14½	14⅞	15	15¾
Six months	15½-15½	15½-16⅛	16	15⅝-15¼	16	—	—	—	14⅝	15¼
Nine months	15¾-15½	15⅞-15⅞	—	15⅞-15½	15½	—	—	—	—	—
One year	15⅞-15⅜	15⅞-15⅜	15⅝	15¾-15⅜	15⅝	—	—	—	—	—
Two years	—	—	15⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 15½ per cent; four years 15½ per cent; five years 15½ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15-15⅛ per cent; four months trade bills 15⅜ per cent.

Approximate selling rate for one month Treasury bills 14⅜ per cent; two months 14⅛-14⅜ per cent; three months 14⅜ per cent. Approximate selling rate for one month bank bills 14⅝ per cent; two months 14⅞-14⅞ per cent; and three months 14⅞-14⅞ per cent; one month trade bills 15½ per cent; two months 15½ per cent; three months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from December 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 12¼-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.8208.

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	14½%
Allied Irish Bank	14½%
American Express Bk.	14½%
Amro Bank	14½%
Henry Ansbacher	14½%
Arbuthnot Latham	14½%
Associates Cap. Corp.	15 %
Banco de Bilbao	14½%
BCCI	14½%
Bank Hapoalim BM	14½%
Bank of Cyprus	14½%
Bank Street Sec. Ltd.	16 %
Bank of N.S.W.	14½%
Banque Belge Ltd.	14½%
Banque du Rhone et de la Tamise S.A.	15 %
Barclays Bank	14½%
■ Beneficial Trust Ltd.	15½%
Bremar Holdings Ltd.	15½%
Bristol & West Invest.	16 %
Brit. Bank of Mid. East	14½%
■ Brown Shipley	15 %
Canada Perm't Trust	15 %
Cavendish G'ty T'st Ltd.	15½%
Cayzer Ltd.	15 %
Cedar Holdings	15 %
■ Charterhouse Japhet	15 %
Choulartons	15½%
Citibank Savings	¶15 %
Clydesdale Bank	14½%
C. E. Coates	15 %
Consolidated Credits	15 %
Co-operative Bank	*14½%
Corinthian Secs.	14½%
The Cyprus Popular Bk.	14½%
Duncan Lawrie	14½%
Eagil Trust	14½%
E.T. Trust	15 %
First Nat. Fin. Corp.	17 %
First Nat. Secs. Ltd.	17 %
Robert Fraser	15 %
Grindlays Bank	‡14½%
■ Guinness Mahon	14½%
■ Hambros Bank	14½%
Heritable & Gen. Trust	14½%
■ Hill Samuel	§14½%
C. Hoare & Co.	†14½%
Hongkong & Shanghai	14½%
Knowsley & Co. Ltd.	15 %
Lloyds Bank	14½%
Mallinhall Limited	14½%
Edward Manson & Co.	15½%
Midland Bank	14½%
■ Samuel Montagu	14½%
■ Morgan Grenfell	14½%
National Westminster	14½%
Norwich General Trust	14½%
P. S. Refson & Co.	14½%
Roxburghe Guarantee	15 %
E. S. Schwab	14½%
Slavenburg's Bank	14½%
Standard Chartered	‖14½%
Trade Dev. Bank	14½%
Trustee Savings Bank	14½%
TCB Ltd.	14½%
United Bank of Kuwait	14½%
Whiteaway Laidlaw	15 %
Williams & Glyn's	14½%
Wintrust Secs. Ltd.	14½%
Yorkshire Bank	14½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 months 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13%, and over £50,000 13¼%.
‡ Call deposits £1,000 and over 12¼%.
§ Demand deposits 12½%.
‖ 21-day deposits over £1,000 13½%.
¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$400	10	17	6	31 B	50	41	$395.50
GOLD C	$425	23	7.50	1	19	—	—	"
GOLD C	$450	12	3	2	13 B	—	—	"
GOLD C	$475	10	1.50	—	—	—	—	"
GOLD P	$375	14	6	—	—	—	—	"
GOLD P	$400	8	15	10	18	1	23.50 A	"
GOLD P	$425	1	33	—	—	—	—	"
		Jan.		April		July		
ABN C	F.280	—	—	1	14	1	18	F.284
ABN C	F.300	—	—	—	—	2	8	"
AKZO C	F.22.50	55	0.70	8	2.40	—	—	F.22.70
AKZO C	F.25	4	0.20	13	1.10	60	1.70	"
AKZO P	F.20	35	0.10	—	—	—	—	"
AKZO P	F.22.50	—	—	10	1.10	—	—	"
AMRO C	F.55	3	0.70	17	2.10	—	—	F.54.90
HEIN C	F.50	4	0.50 A	35	2	2	2.80	F.47.60
HEIN P	F.50	—	—	—	—	1	5.50	"
KLM C	F.100	100	1.30	—	—	—	—	F.96.40
KLM C	F.110	30	0.40	40	4	1	7	"
KLM C	F.120	—	—	11	2.30	—	—	"
KLM P	F.90	69	0.60	—	—	—	—	"
KLM P	F.100	11	6.20	2	8	—	—	"
KLM P	F.110	10	15.20	—	—	—	—	"
KLM P	F.120	10	24.50	—	—	—	—	"
NEDL C	F.140	—	—	6	8	—	—	F.139.10
NEDL C	F.150	55	0.30 A	12	3.70 B	—	—	"
NEDL C	F.160	—	—	3	2.20	—	—	"
NEDL P	F.140	—	—	30	4.70	—	—	"
PETR C	Fr.4500	—	—	3	570	—	—	Fr.4615
PETR C	Fr.5000	—	—	6	340	5	460	"
PHIL C	F.17.50	10	2.80	—	—	—	—	F.20.10
PHIL C	F.20	127	0.60	20	1.50	66	1.70	"
PHIL C	F22.50	5	0.10	15	0.60	4	0.80	"
PHIL C	F.25	—	—	50	0.40	—	—	"
PHIL P	F.17.50	—	—	10	0.40	—	—	"
PHIL P	F.20	59	0.40	5	0.80	100	1.10	"
RD C	F.80	41	6.50	34	9.50	—	—	F.85.50
RD C	F.90	63	0.70	63	4.70	27	5	"
RD C	F.100	5	0.10	25	1.70	2	3	"
RD P	F.80	32	0.20	87	1.40	—	—	"
RD P	F.90	50	4.70	10	6.20	10	7.50	"
UNIL C	F.150	10	2.80	11	7.80	—	—	F.149.50
UNIL P	F.130	—	—	5	1	—	—	"
		Feb.		May		Aug.		
SLUM C	$55	2	3	—	—	—	—	$54½
VW C	DM.130	12	7	—	—	—	—	DM133

TOTAL VOLUME IN CONTRACTS: 1748

A=Asked B=Bid C=Call P=Put

Sharp rise in profits expected at DSM

By Charles Batchelor in Amsterdam

DSM, the Dutch state-owned chemicals group, expects net profits this year to be several times the Fl 25m ($10m) recorded in 1980. The group says, however, that earnings are still much lower than the Fl 400m that could be expected from a company of its size.

Net results in the first six months were virtually unchanged—DSM has reported a first half profit of Fl 91.2m compared with Fl 92.1m—but in the second half the company continued in the black compared with the large loss incurred in the second half of 1980.

Performances of DSM's divisions showed sharp variations. The successful sectors comprised fertilisers, industrial chemicals, and chemical products, where a modest improvement occurred in the market for yarn and fibre feedstock. The company's share in natural gas production in the Netherlands, traditionally its most profitable operation, continued to produce satisfactory results.

The plastic products divisions felt the effect of lower consumer purchasing power, the building materials division suffered from the decline in housebuilding and there is serious concern over losses by the plastics division.

DSM does not expect any significant improvement in market conditions in the short term and expects overcapacity and low sales prices to affect profits for a long time.

It is continuing to invest in areas with potential and is building an ammonium nitrate plant in France

Audi again suffers 9% fall in world car sales

BY KEVIN DONE IN FRANKFURT

AUDI, the medium and large saloon car subsidiary of the Volkswagen group of West Germany, suffered a further drop in car sales worldwide this year of 9.1 per cent after the similar fall in 1980.

Volume sales worldwide declined to an estimated 332,000 cars compared with 365,500 in 1980 and 400,000 in the peak year of 1979.

Audi's major problems have been caused by the continuing recession in the domestic car market, where the fall in demand for larger saloons has been particularly sharp.

New car registrations overall have fallen by 4.5 per cent in the Federal Republic in the first 11 months of the year, but Audi sales in West Germany have plummetted by 29 per cent to only 142,714 cars from January to November. By the end of November its share of the home market had slumped to only 6.6 per cent compared with 8.8 per cent a year ago.

The steep drop in the home market has been partly compensated by rising demand in major export markets, however. Deliveries to the U.S. rose by 18 per cent—helped by the weakness of the D-mark—while sales in Italy jumped by 51 per cent, in France by 12 per cent and in the UK by 16 per cent.

Helped by increasing exports, higher prices and the weak D-mark, Audi's turnover was boosted this year to DM 5.7bn, a rise of 16 per cent compared with 1980.

Audi's profitability was "satisfactory," said Dr Wolfgang Habbel, chief executive, but he gave no indication whether Audi would pay a dividend to the VW parent company after the blank year in 1980.

In 1980 after-tax profits of DM 70m were chiefly used to strengthen Audi financial reserves to help fund its ambitious capital investment programme. Capital expenditure more than doubled to DM 750m this year.

Audi car production has shown a rise of 30,000 to 330,000 in 1981 because of the continuing shift of Audi 80 model production from the VW plant at Emden to the Audi plant at Ingolstadt. Investment is being concentrated at Ingolstadt and Neckarsulm with large sums being spent on new paint shops and body plants.

European groups plan two U.S. bond issues

By Peter Montagnon, Euromarkets Correspondent

NORDIC INVESTMENT Bank and France's state-owned construction finance concern, Credit Foncier, have announced plans to float bond issues on the U.S. domestic market.

Salomon Borthers and First Boston will lead the $75m five-year issue for Nordic due to be launched in January. Credit Foncier will float a $125m 10-year issue through Morgan Stanley, probably also next omnth. Terms on both bonds will be set later.

Elsewhere, the international bond markets continued very quiet ahead of the year-end, with business in fixed interest dollar Eurobonds reduced to a trickle because of the holidays.

Small gains were recorded in dollar bonds as well as in the D-mark sector, where the market's main preoccupation was with the new DM 1.6bn 9.75 per cent 10-year domestic bond for the West German Federal Government, which was reported to be well received.

Swiss foreign bonds showed a more pronounced firmness, however, on the back of a stronger currency and hopes that inflation may be abating.

A SwFr 30m 10-year issue for Ansett Transport Industries has been announced by Handelsbank. The indicated coupon is 7½ to 7¾ per cent and final terms will be set on January 5.

National Semiconductor turns to custom chips

BY LOUISE KEHOE IN SAN FRANCISCO

IN THE FACE of increasing international competition and a softening in the world wide market for standard integrated circuit (IC) semiconductors, National Semiconductor, one of the largest U.S. producers, has started up another production line at its Santa Clara, California, plant.

The line, however, will be dedicated not to standard ICs but to custom-designed ICs and read only memories (ROM)—parts that are manufactured with special built in programs for each application. Unlike most other market segments, particularly for standard ICs, the ROM and custom markets appear to be booming. National estimates that the total ROM market will increase from $300m in 1981 to $750m by 1985. The market for custom-designed parts will grow from $320m to close to $1bn over the same period.

The new facility will increase National's ROM and custom circuit production capacity by 150 per cent to more than 10m circuits every four weeks. This, the company hopes, will place it in a good position to obtain substantial market shares.

National joins other U.S. semiconductor manufacturers such as Intel and American Microsystems, which are also increasing their emphasis on special purpose devices. This custom market has become particularly attractive to U.S. producers because their Japanese competitors are less active in this field.

"Custom work requires a close relationship with the customer, which gives us an advantage over the Japanese," said Mr Dan Sowin, National's marketing manager for large-scale integration (LSI) circuits.

National will also make its new production line available to "silicon foundry" customers. These are usually systems manufacturers who design their own chips and then have semiconductor manufacturers put them into high-volume production.

Foundry business represents a major portion of the custom IC market. For the customer, foundry-built devices represent lower cost and higher performance parts with the advantages of proprietary design but without the enormous capital investments associated with in-house production.

To the semiconductor manufacturer, the business presents an opportunity to build up a close relationship with a customer, as well as generating new business without the cost of product design and development.

Some industry observers have suggested that the increased interest in silicon foundry business among major U.S. IC makers has been largely attributable to the slackening in the demand for standard parts which has resulted in overcapacity. Both National and Intel have, however, stated that they are committed to the standard market in the long term.

Earnings plunge in first half

National Semiconductor barely broke even in the second quarter ended December 13 because of sharply reduced demand and prices. Net profits were $182,000, against $12.5m a year earlier, while sales slipped 2.2 per cent to $254.9m.

This brought the first-half profit to $1.25m on sales of $580.5m, compared with $30.2m on $593m a year earlier. The company said sales and orders for semiconductor components were well below production capacity.

Amax and Ruhrkohle in talks

BY OUR FRANKFURT STAFF

RUHRKOHLE, West Germany's dominant coal producer, is studying forms of co-operation or possible joint ventures with Amax, the U.S. minerals and coal group.

The talks are at a very preliminary stage, however, and the companies have not held negotiations on specific projects, Ruhrkohle said yesterday. Amax said in September it was seeking partners to provide additional capital for the development of its 3.3bn tons of U.S. coal reserves. It is also talking with other groups.

Ruhrkohle is seeking to widen its interests in foreign coal reserves to provide a larger base for importing coal to the Federal Republic and perhaps other European markets later in the 1980s and in the 1990s.

West German demand for coal is expected to grow significantly in the next two decades and domestic production cannot be expanded fast enough to fully meet such demand.

Ruhrkohle already has foreign coal-mining interests in Australia, the U.S. and in Canada, and it is giving priority to developing ties with these three countries.

Amax Coal ranks as the third largest U.S. producer, with shipments in 1980 totalling 40.5m tons. More than half came from its two mines in Wyoming, one of which is the biggest in the U.S. As well as the U.S. reserves it has interests in 2bn tons of reserves in Australia.

The Amax Energy division—into which the coal operations are grouped—achieved sales of $622m and pre-tax profits of $139m in 1980, representing 21 per cent and 19 per cent respectively of the group totals.

As well as the two mines and low sulphur coal reserves of almost 1bn tons in the west of the U.S., Amex Coal has seven surface mines and an underground operation in the midwest.

Amro Swiss deal complete

By Our Amsterdam Correspondent

AMSTERDAM - ROTTERDAM Bank (Amro) has completed a three-stage acquisition of Bank und Finanz Institut (BFI) of Zurich raising its 63 per cent holding to 100 per cent.

BFI is active in Switzerland and internationally. The bank has branches in Zurich, Basle, Berne and Geneva and has a staff of about 100. It offers a full banking service but specialises in securities and portfolio management. BFI has a balance sheet total of SwFr 170m ($94m).

Amro in 1979 reached agreement with Allgemeine Treuhand, the Basle accounting company which is the majority shareholder, and with minority shareholders, to acquire all of BFI's shares in three stages.

Italian sale by American Express

By Rupert Cornwell in Rome

AMERICAN EXPRESS is to sell the bulk of its banking interests in Italy to the San Paolo Bank of Brescia, the country's 40th largest credit institute with total end-1980 deposits of more than L2,300bn ($1.9bn).

The transaction, whose value has not been disclosed, does not affect the American Express travel agency activities in Italy. Moreover, the U.S. group will keep control of its banking branch in Milan, which will be renamed American Express International Banking corporation.

The branches to be transferred to San Paolo are in Rome, Florence, Naples, Venice and Mestre.

Statoil profit will allow maiden dividend payment

BY FAY GJESTER IN OSLO

STATOIL, Norway's State oil company, expects a net profit of about NKr 1bn ($170m) on turnover of NKr 13bn for 1981, which will enable it to pay its first dividend—probably of about NKr 400m—to the Norwegian State.

The year will also be the first in which the company will have to pay tax as it has now wiped out the deficit which it accumulated during its seven-year development phase, according to Mr Arve Johnsen, Statoil's managing director. Last year's NKr 203m profit was the group's first.

Mr Johnsen said that Statoil's share of Norwegian shelf oil and gas output—now under 10 per cent—would gradually rise during the 1980s. Total production would remain at just under 50m tonnes of oil equivalent for the first few years, rising to between 60m and 70m toward the end of the decade.

Meanwhile, Statoil has awarded a five-year, NKr 300m seismic survey contract to Geco, a firm owned jointly by Veritas, the Norwegian classification body, and Konsberg Vapenfabrikk; a State-owned munitions and engineering company. A vessel currently being converted for seismic survey work, the Geco Sigma, will be used on the contract.

Borrowing to reach $183bn says OECD

By David White in Paris

THIS YEAR will have seen a rise of more than 50 per cent in the total of new funds raised on international capital markets, according to the Organisation for Economic Co-operation and Development.

OECD statistics show an increase from the equivalent of $119.3bn in 1980 to $183.2bn in 1981. The bulk of this difference is accounted for by international bank loans, which rose by $54.4bn, mainly because of large-scale financing by U.S. companies.

New external bond offerings, including special placements, increased by $9.5bn to $48.9bn. Within this category, the main growth took place in international bond issues, which rose by $6.6bn to $26.6bn.

External dollar-denominated issues increased by $13.1bn, while D-mark issues dropped by $5.8bn. Yen issues this year were $1.3bn higher than last year, and those in composite currency units such as special drawing rights (SDRs) rose by $700m.

December, however, produced a drop in both international and foreign bond offerings. The total of funds raised was $3.6bn below the November level at $11.6bn.

The OECD said this trend reflected solely the borrowing pattern of the organisation's member countries. Non-oil-producing developing countries borrowed appreciably more during the month, it said.

Mandate for hydro-electric project loan

By Our Euromarkets Correspondent

NIPPON CREDIT Bank has been awarded a mandate to raise Y11bn through a syndicated loan for the Yacyreta hydro-electric project between Argentina and Paraguay.

The 15-year loan is guaranteed by the Republic of Argentina and bears an initial margin of 0.3 per cent over the long-term Japanese prime rate. The margin is to be reset every five years.

Repayments begin after a grace period of 7½ years and the operation is a cofinancing deal with the World Bank, which is also supplying funds for the project. Syndication is to begin early in the New Year.

Ryder has 7% of Hall

By Our Financial Staff

RYDER SYSTEMS, a major U.S. truck and tractor leasing concern, has built up a 7.02 per cent stake in Frank B. Hall and Co., the large insurance broking firm, at a cost of $22m.

Ryder has said it intends to buy at least 15 per cent of Hall common shares. Its moves have been resisted by Hall.

In a filing with the Securities and Exchange commission, Ryder said that under insurance regulatory statutes acquisition of more than 10 per cent of Hall stock could mean indirect control of the company. It would therefore require prior regulatory approval to raise its stake to 15 per cent.

Mannesmann expands in U.S.

BY OUR FRANKFURT CORRESPONDENT

MANNESMANN, the West German steel pipes and mechanical engineering group, is widening its interests in the U.S. with the takeover of Barret Electronics, a Chicago-based group specialising in electrically driven industrial trucks which had sales of around $20m this year.

The acquisition has been carried out by Mannesmann's Demag subsidiary, which specialises in materials handling, metal-making plant, pneumatic equipment and construction equipment. Demag is trying to expand

In the last three years Mannesmann, too, has been diversifying into other sectors of the electrical and electronics industry. It took over Tally, the U.S. maker of computer printers, acquired 50 per cent of Kienzle, the West German manufacturer of data systems and equipment, and took over 83.4 per cent of Hartmann und Braun, the West German maker of electrical measuring and control equipment.

Earlier this month Mannesmann bought a 20 per cent stake in the telecommunications division of AEG-Telefunken, West Germany's second largest but financially ailing electrical and electronics group.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday January 12.

Closing prices on December 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	*101½	102	0	0	16.02
APS Fin Co. 17¼ 86	60	102½	103	+0⅛	+0⅛	16.31
Armco O/S Fin. 15⅝ 86	50	100¾	101¼	+1⅛	+1¼	15.09
Bank Montreal 16¼ 91	150	100¼	100¾	0	−0⅛	16.13
Br. Colum. Hyd. 16¼ 88	100	101⅞	102⅜	−0½	−0¼	15.68
Br. Colum. Mfa. 17 97	54	103	103½	−0⅛	−0⅛	16.38
Can. Nat. Rail 14⅝ 91	100	95⅝	96⅛	+0⅛	0	15.45
Caterpillar Fin. 16½ 86	100	102⅜	102⅞	+0⅜	+0⅛	15.64
CFMP 16¾ 96	100	102½	103	0	0	16.23
CIBC 16¾ 91	100	102¼	102¾	−0⅝	−0⅝	16.18
Citicorp O/S 16¾ 86	150	102⅞	103⅜	0	0	15.71
Cities Service 17 88	150	103⅝	104⅛	+0¼	+0¼	15.95
Con. Illinois 14¾ 84	100	99⅛	99⅝	+0⅛	+0⅛	14.94
Cons-Bathurst 17½ 88	60	102⅞	103½	+0⅛	+0⅜	16.67
CPC Fin. 16¾ 86	50	104⅝	105⅛	+1¼	+1¼	15.15
Dupont O/S 14½ 88	400	99⅛	99⅝	+0⅛	0	14.63
EIB 16½ 88	100	102⅜	102⅞	+0⅛	−0⅛	15.78
EIB 16¾ 91	100	103⅛	103⅝	−0⅛	−0⅛	16.01
GMAC O/S Fin. 16½ 84	300	101	101½	−0⅛	−0⅛	15.84
Gulf States O/S 17½ 88	60	103⅝	104⅛	+0⅛	0	16.45
Nat. Bk. Canada 16½ 88	40	100¾	101½	+0¼	+0⅛	16.85
Nat. West. 14¼ 91	100	99⅛	99⅝	+0⅛	+0⅛	14.87
New Brunswick 17 88	60	104¼	104¾	+0⅛	0	15.81
Newfoundland 17⅛ 89	60	105⅝	106⅛	−0⅛	−0⅛	15.83
New. & Lab. Hy. 17¼ 89	75	102⅞	103½	0	0	16.48
Ohio Edison Fin. 17½ 88	75	102⅛	102⅝	+0⅛	0	16.83
OKG 15¾ 97	50	97⅜	97⅞	−0⅛	−0⅛	16.16
Ontario Hyd. 15 91 (N)	200	100⅝	101⅛	0	−0⅛	15.80
Quebec Hydro. 17¼ 91	150	105¼	105¾	+0⅛	0	16.06
Quebec Province 15¾ 89	150	97⅝	98⅛	+0⅛	0	15.73
Saskatchewan 16¼ 88	100	100⅞	101⅜	+0⅛	+0⅛	15.94
Shell Canada 15¾ 91	100	102½	103	−0⅛	−0⅛	15.15
Sweden 14½ 88	150	94⅝	95⅛	0	0	15.72
Swed Ex. Cred. 16½ 93	75	101⅝	102⅛	+0⅛	+0⅛	16.11
Tenneco Int. 17 89	100	103⅜	103⅞	−0⅛	−0⅛	16.09
Texas Eastern 15⅞ 88	75	97½	98	+0¼	+0⅛	16.43
Transcanada 17¾ 88	75	104⅝	105⅛	+0⅛	0	16.43
Transcanada 16 89	100	98⅞	99⅜	+0¼	+0⅛	16.18
Walt Disney 15⅝ 86	100	101⅛	101⅝	−0⅛	−0⅛	15.20
Winnipeg 17 86	50	103⅝	104⅛	+0⅛	0	15.73
V/MC Fin 15½ 88	50	95⅝	96⅛	0	0	16.53
World Bank 16 86	210	101⅞	102½	0	0	15.21
World Bank 16 88	80	101⅝	102⅛	+0⅛	+0⅛	15.45
World Bank 16½ 86	130	103⅜	103⅞	+0⅛	−0⅛	15.30
World Bank 16½ 88	100	103	103½	0	0	15.63

Average price changes... On day +0⅛ on week 0

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99¾	100¼	+0⅛	−0⅛	9.98
Asian Dev. Bank 10⅝ 89	100	101⅝	102⅛	+0⅛	0	10.39
Belgelectric 11 91	100	101⅝	102⅛	+0⅛	+1⅛	10.69
CECA 10 91	120	102⅛	102⅞	+1½	+1	9.57
Coun. of Europe 10 91	180	99⅞	100⅜	−0⅛	−0½	9.94
Coun. of Europe 10¼ 91	100	100⅝	101⅛	+0⅜	+0¼	10.07
EEC 10¼ 93	100	100¼	100¾	+0⅜	+0⅛	10.04
EIB 8½ 90	200	93⅜	93⅞	+0¼	+0¼	9.62
EIB 10¼ 91	200	102¼	103	+0⅛	+0⅛	10.04
Finland, Rep. of 10½ 86	100	100⅝	101⅛	+0⅜	+1¼	10.21
Inter-American 10 91	100	101⅜	102⅛	+0⅜	+0⅜	9.63
Inter-American 10¼ 91	100	100½	101	+0¼	+0¼	10.12
Japan Air Lines 8¼ 87	100	95⅝	96⅛	−0⅛	0	9.08
Midland Int Fin 8½ 90	180	94⅛	94⅞	+1	+1	9.44
Mt. Bk. Dnmk. 10½ 91	100	100	100½	+0⅛	[illegible]	10.45
Nat West. 11 91	125	103⅞	104⅜	0	+0⅛	10.27
New Zealand 9¾ 88	200	100	100½	+0¼	+0⅛	9.70
OKB 10¼ 91	150	100⅝	101⅛	+0⅛	+0⅛	9.97
Quebec Hydro 10¼ 91	150	101⅞	102⅛	+0⅛	+0⅛	9.90
Renault Acpt. 10¼ 86	150	100¼	100⅞	0	0	10.57
Swed Ex Cred. 10¼ 91	100	99¼	99¾	+0⅛	+0⅛	10.34
World Bank 11 91	100	103⅞	104⅜	+0⅛	+0⅛	10.27
World Bank 10 91	250	100⅛	100⅝	0	+0⅛	9.83

Average price changes... On day +0⅛ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	94	94¾	−0⅛	−0⅛	7.39
Asian Dev. Bank 8 90	80	103⅛	103⅝	+1⅛	+1⅛	7.48
BFCE 6½ 91	100	95	95½	+0⅜	+0½	7.24
Belgelectric Fin. 7¾ 91	100	101⅞	102½	+0½	+0⅞	7.44
Bell Canada 7¾ 93	100	106	106½	+2½	+1⅞	6.49
Bergen, City of 6¾ 91	40	†100	100½	+0⅜	+0⅛	6.71
Bet de Autonistas 8 90	50	100	100½	−0⅛	0	7.98
CECA 6¾ 91	80	99½	99¾	+2½	+2½	6.80
Dome Petroleum 5¾ 91	100	94½	94¾	+0⅜	+0¼	6.61
Dome Petroleum 7½ 90	100	104	104½	+0⅜	+0½	6.60
Franc Petroles 6½ 91	80	†94½	95½	−0⅛	−0¼	7.25
Genstar 7 91	100	102½	102¾	+0⅛	+0½	6.61
Int Amer Dv Bk 7 91	100	†99	99½	+0¾	+0⅛	7.11
I/S Elsam 8½ 91	60	104	104½	0	0	7.87
Japan Air Lines 7¾ 91	100	103⅞	104⅛	+1	+1⅛	6.68
Neder. Gasunie 8 91	100	105½	106	+0¼	+0⅜	7.14
OKB 7 93	100	101¼	101¾	+1⅛	+1⅛	6.90
OKB 7¼ 91	100	101	101¼	+1⅛	+1	7.09
Oslo, City of 8 91	100	106¼	106½	+1⅛	+1⅛	7.07
Saint Etienne 8½ 91	20	104⅜	105	+0⅛	+0⅜	7.77
Swed. Ex. Credit 7¼ 91	75	97¾	98	−0⅛	−0⅛	7.57
TNT O/S Fin. 8 91	50	105⅛	105⅝	+1⅜	+1⅛	7.23
Unilever NV 7½ 93	100	106⅛	106½	+1⅜	+1⅜	6.70
World Bank 6 91	100	94⅝	94⅞	+1⅛	+1½	6.79
World Bank 7 90	100	101	101¼	+0⅜	+1⅜	6.81
World Bank 8 91	100	104⅞	105⅛	+1	+1	7.26

Average price changes .. On day +0⅞ on week +0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 91	15	†99¾	100¼	0	0	8.28
Australia 6½ 88	20	90⅞	91⅜	0	0	8.32
EIB 7¾ 89	12	98⅝	99⅛	0	0	7.98
Finland, Rep. of 8½ 87	15	†98½	99½	0	0	8.59
Int.-Amer. Dev 8⅞ 91	15	†101	102	0	0	8.63
New Zealand 8⅜ 87	15	99¾	100¼	0	0	8.30

Average price changes .. On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 96 C$	50	†98½	99	+0⅛	+0⅛	17.23
Federal Dev. 17¾ 86 C$	40	†104½	105½	0	0	16.13
GMAC (Can.) 18 87 C$	60	†104½	105½	+0½	+0½	16.52
Pancanadian 16½ 88 C$	65	†98	98½	0	0	16.83
Queb. Urban 16⅝ 86 C$	20	†100½	101½	0	0	16.43
Roynat 17¾ 86 C$	40	†100½	101¼	+0¼	+0¼	16.92
Tordom Cpn. 13½ 85 C$	30	†94½	95½	0	0	15.42
M. Bk. Dnmk. 9 91 EUA	25	82	83½	−0½	−0½	12.07
SOFTE 9¼ 89 EUA	40	77¾	79	−0¼	−0¼	13.00
U. Bk. Nwy. 9½ 90 EUA	18	91	92¼	0	0	11.10
Algemene Bk. 10¼ 83 Fl	60	99⅞	100⅜	+0⅞	+0⅞	10.19
Amfas Group 12¾ 86 Fl	40	103	103½	+0⅜	+0¼	11.33
Amro Bank 12 86 Fl	75	102	102½	+0¼	+0⅞	11.29
Amro Bank 12 86 Fl	60	101⅜	102⅜	+0⅛	+0⅛	11.42
Heineken NV 10 87 Fl	100	96	96½	+0⅛	+0¼	10.90
Pierson 10¼ 86 Fl	50	97¾	98¼	+0¼	+0⅛	10.85
Rabobank 12 86 Fl	50	101	101½	0	−0⅛	11.68
Air France 14½ 86 FFr	200	92½	93¾	+0⅛	+0⅛	16.79
Bk. America 14½ 86 FFr	250	93¼	94¼	+0⅞	+0¼	16.60
Charb'nages 13⅞ 85 FFr	400	92⅞	93⅜	+0⅛	+0⅛	16.50
EIB 14½ 88 FFr	300	89½	90½	+0⅛	+0⅞	16.96
La Redoute 14⅝ 85 FFr	125	91⅞	92¼	+0⅛	+0⅛	17.46
OKB 14 86 FFr	400	91⅛	92⅞	0	+0⅛	16.70
Solvay et C. 14¾ 86 FFr	200	92	93¼	+0⅛	+0⅛	17.29
Swed. E. Cr. 14⅝ 86 FFr	250	92½	93⅛	+0¼	+0½	17.07
U. Mex. Sts. 14 85 FFr	150	91⅛	92¼	−0⅛	−0⅛	17.33
Acona 14 85 £	20	†90	91	−0¼	−0⅛	17.52
Beneficial 14¾ 90 £	20	84¾	85¾	+0¼	+0⅛	17.63
BNP 13½ 91 £	15	84	85	−0⅛	−0⅛	16.96
CECA 13½ 88 £	20	88½	89½	0	0	16.25
Citicorp O/S 13½ 90 £	50	†87½	88½	−1¼	−1¼	16.25
Fin. Ex. Cred. 13¾ 86 £	15	90	91	0	0	16.89
Gen. Elec. Co. 12½ 89 £	50	85⅞	86⅜	0	+0⅛	15.89
Hiram Walker 14¼ 86 £	25	93¼	94¼	−0½	−0½	16.31
Privatbanken 14½ 88 £	12	91	92	−0⅛	−0¼	16.72
J. Rothschild 14¼ 90 £	12	92⅛	93½	−0⅛	−0¼	15.79
Royal Trustco 14 86 £	12	92½	93½	−0⅛	−0⅛	16.39
Swed. Ex. Cr. 13¾ 86 £	20	91	92	0	0	16.65
Akzo 9¼ 87 LuxFr	500	85¼	86¼	−0⅛	−0½	12.85
Euratom 9⅞ 88 LuxFr	500	84½	85¾	0	0	13.51
Eurofima 10½ 87 LuxFr	500	89⅞	91⅛	−0⅛	−0⅛	12.80
EIB 9¾ 88 LuxFr	600	85⅞	86⅞	0	+0⅛	13.13
Volvo 9¾ 87 LuxFr	500	86⅞	87⅞	+0⅛	−0⅛	13.06

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0¼	99½	100	19/6	14⅛	14.29
Bank of Montreal 5¼ 91	0¼	98	98½	29/4	17.06	17.37
Bank of Tokyo 5¼ 91	0⅛	98	98½	10/6	13¼	13.49
Bk. Nova Scotia 5¼ 93	0⅛	99⅝	100¼	29/4	17.06	17.06
BBL Int 5 86	0¼	99¼	99¾	20/5	13½	13.57
BFCE 5¼ 88	0¼	99⅞	100⅜	26/4	16.94	16.92
Christiania Bk. 5½ 91	‡0¼	98¾	99¼	5/2	15.63	15.72
Co-Ban Eurofin 5½ 91	0¼	99⅛	99⅝	14/4	16.89	16.83
Den Norske Cred. 5½ 93	0⅛	97½	98	4/6	13.56	13.87
Genfinance 5⅛ 87	0¼	100⅛	100⅝	30/4	17.06	16.98
Genfinance 5⅛ 92	0¼	99⅛	99⅝	30/12	18.31	18.39
Giro und Bank 5⅛ 91	‡0¼	99	99½	23/3	14.06	14.17
GZB 5¼ 92	‡0¼	98½	99	5/3	13⅛	13.29
Ind Bank Japan 5½ 88	0⅛	99¾	100½	9/6	13.31	13.33
Lloyds Eurofin 5¼ 93	§0⅛	99¾	100¼	29/4	17.13	17.15
LTCB Japan 5½ 89	0¼	*†99¾	100¼	16/7	18.32	18.32
Midland Int. Fin. 9 91	0¼	99½	100	30/4	17.06	17.11
Nacional Fin. 5½ 88	0⅛	†98	98½	25/3	17.31	17.62
Nat. Bk. Canada 5¼ 88	0⅛	99⅞	100⅛	24/3	17.31	17.33
Nat. West. Fin 5¼ 91	§0¼	99¼	99¾	15/1	18⅛	18.24
Nat. West. Fin. 5¼ 92	§0¼	99⅛	99⅝	23/4	17	17.08
Nordic Int Fin 5½ 91	0¼	98⅝	99⅛	6/5	15⅝	15.84
Offshore Mining 5¼ 91	0¼	98	98½	2/6	13	13.23
Pemex 6 91	0¼	98¼	98¾	8/4	17	17.25
Pemex 5⅛ 88	0⅛	*†99	98½	14/2	18.81	19.15
Sanwa Int Fin. 5⅛ 88	0⅛	†99½	100	24/3	17⅛	17.29
Sec Pacific 5¼ 91	0⅛	98½	99	24/5	13¼	13.42
Societe Generale 5¼ 91	0¼	†99½	99⅞	22/1	18⅝	18.70
Sparebanken 6 87	0¼	98⅝	99⅛	21/8	14.44	14.59
Standard Chart. 5¼ 91	0⅛	98	98½	18/5	13.31	13.55
Sumitomo Fin 5½ 88	0⅛	99⅝	100⅛	6/2	19.56	19.59

Average price changes... On day −0⅛ on week −0⅞

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	101	102½	+2½	3.84
Bow Valley Inv. 8 95	4/81	23.12	†103	105	−0½	16.10
Canon 6¾ 95	1/81	829	117	119	+2½	4.38
Daiwa Secs. 5½ 96	12/81	513.3	*†83	85	—	−1.10
Fujitsu Fanuc 4½ 96	10/81	6770	103¼	104¾	+0⅛	4.63
Furukawa Elec 5¼ 96	7/81	300	123½	125	+2	−0.85
Hanson O/S Fin. 9½ 96	8/81	2.74	†89	90½	+0¼	−4.24
Hitachi Cred. Cpn. 5 96	7/81	1773	*92	94	—	1.47
Inchcape 8 95	2/81	4.55	†80½	82	+2¼	29.99
Kawasaki 5⅛ 96	9/81	229	83½	84⅞	+1⅛	1.17
Marui 6 96	7/81	931	103	104½	+0¼	1.40
Matsushita El. 7½ 95	11/80	590	98	99½	+0½	−0.75
Minolta Camera 5 96	10/81	909	76	77½	+1	6.98
Murata 5¼ 96	7/81	2190	79	80½	−1½	19.02
NKK 6½ 96	7/81	188	97	98½	+0¼	0.25
Nippon Chemi-C 5 91	10/81	919	†78	80	+2	3.95
Ricoh 6⅛ 95	6/80	604	109½	111½	−0⅛	4.78
Sanyo Electric 5 96	10/81	652	82	83½	+1½	5.87
Sumitomo Met 5¼ 96	10/81	305	84	85½	+0⅛	7.01
Swiss Bk. Con. 6¼ 90	9/80	191	*†74½	76½	—	11.53
Taylor Woodrow 6¼ 90	1/81	4.94	†78	79½	+0¼	−2.15
Transco Int 8¾ 95	8/81	68	*†84	85½	—	22.82
Tricorp 8½ 95	2/81	31.25	*†75½	77	—	46.82
Union Bk. Switz 5 89	2/80	70.79	†81	83	+0½	2.55
Mitsubishi H 6 89 DM	2/82	263	101	101¾	+3	−1.82
Sharp Cpn. 6½ 88 DM	9/80	591.8	173	174½	−2½	−2.16

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

APPOINTMENTS

Scottish banker joins Shell

A leading figure in Scottish banking, Mr Thomas N. Risk, is to join the board of SHELL UK as a non-executive director from January 1.

Mr Risk is Governor of the Bank of Scotland and Governor of the British Linen Bank. He is also a director of Standard Life Assurance Company, having been chairman from 1969-1977, and of Howden Group the Scottish-based international engineering group. He was formerly a partner of Maclay, Murray and Spens, solicitors, Glasgow and Edinburgh.

Mr Risk, who lives in Edinburgh, joins 13 directors on the Shell UK board. Among them are two other non-executive directors, Professor Fred Holliday, Vice-Chancellor of Durham University and Lord Cledwyn of Penrhos.

★

Mr Michael Brown is appointed director and general manager of BROADWAY PRESS. For the past two years he has been sales director of Westerham Press. Mr Brian Harwood has been appointed a director of WILLIAMS LEA OFFSET. He is general manager. Both companies are in the Williams Lea Group.

★

SIDGWICK AND JACKSON, book publishing subsidiary of Trusthouse Forte, has appointed Mr Nigel Newton as sales director; Mrs Vikki Stace as publicity director and Ms Margaret Willes as editorial director.

★

Mr J. L. Wood, who is chief executive of McCorquodale and Co. has agreed to join the board of LEY'S FOUNDRIES AND ENGINEERING, as a non-executive director.

★

Mr Harry Lack has been appointed managing director of JAEGER TAILORING and a director of the Jaeger Group. He was formerly managing director of Kurt Salmon Associates.

★

HAMBROS LIFE has made the following appointments within the broker department, from January 1. Mr Mike Bateman, currently an assistant director, has been appointed an executive director. He will continue as the deputy broker director. Mr Jim Cronin, currently a regional manager, has been appointed an assistant director. Mr David Mills, currently a regional manager, has been appointed an assistant director.

★

Mr M. E. Brown and Mr C. J. B. Green have been appointed to the board of the METAL MARKET AND EXCHANGE CO.

★

NORTHERN TRUST COMPANY (CHICAGO BANKING GROUP) has made the following promotions in its London office: Mr Jeffrey F. Ruzicka has been promoted to senior vice-President and general manager, Mr Edwin C. Buchanan and Mr Michael J. Karr have been promoted to vice-president; Mr David J. White has become foreign exchange officer, Mr Kenneth P. Kinney has been appointed senior vice-president in the international department at Chicago.

★

Mr David W. H. Knowles has been appointed a director of ASHBRITTLE CONSULTANTS and Ashbrittle from January 1.

★

Lord Camoys has been elected a director of NATIONAL PROVIDENT INSTITUTION from January 1. Lord Camoys has been managing director of Barclays Merchant Bank since 1978 and is also a director of Barclays Bank International and Mercantile Credit.

CONTRACTS

£3m order for CompAir

COMPAIR has received orders worth more than £3m from Babcock Power for Reavell electro-hydraulic actuators. These are part of the boiler control system for the Drax power station completion project under construction near Selby in Yorkshire. The actuators are fully modulating and capable of infinitely variable control to accuracies of 0.5 per cent.

★

MILLER CONSTRUCTION, part of the Edinburgh-based Miller Group, has been awarded contracts well in excess of £3.5m including £1.6m of extensions and alterations to the Dunfermline Sports Centre where work comprises the construction of a new 25 metre swimming pool, children's pool, squash courts and restaurant. Work commenced at the end of November with completion in May 1984.

★

KENT PROCESS CONTROL, part of Brown Boveri Kent, has won a contract to supply the computer control system for a custom-built genetic engineering fermentation plant. Worth £100,000, the contract covers the supply of a Kent K90S computer system for a new biological development plant being built by GD Searle, the American based pharmaceutical company, at High Wycomb, Buckinghamshire.

★

VICKERS design and projects division at Eastleigh, Hants, has been awarded two contracts worth over £3m for specialist aerospace test equipment.

Dunlop aviation division has ordered a wheel roll machine to simulate all stages of aircraft taxi-ing and the second contract calls for a "five degree of freedom" research simulator for the Royal Airforce Establishment, Bedford, to investigate the effect of motion on pilots.

★

Work to the value of £2.4m has been placed with A. MONK AND CO, mainly in the northern regions, in Middlesbrough, Darlington, Hyde and Liverpool and also in Northampton.

★

LEYLAND VEHICLES has a £2m truck order from Blue Circle Cement. Of the 83 trucks, 59 are Leyland Constructor 6 models, while the remaining vehicles are 12 T45 Roadtrain tractor units and 12 Boxer 16 tonners.

★

An order worth over £1.85m has been won by MATHER AND PLATT, Manchester, part of the Wormald International Group, for the supply of a large number of pumps and drivers for the Heysham II/Torness AGR projects. The order has been placed by National Nuclear Corporation, Risley, and calls for 16 stainless steel 10 stage barrel casing pumps and drivers, which will be used as emergency boiler feed pumps, and 18 vertical in-line transfer pumps. The equipment ordered will be delivered in 1983-84 and will be erected on site by Mather and Platt engineers.

★

SE LABS (EMI), Feltham, Middlesex, has won a £400,000 contract to supply computer manufacturer, Systime, with digital tape drives. This order is for the SE 8800 intelligent tape transport, which will be utilised in Systime's medium to top-of-the-range mini-computer systems.

★

Norwich geo-technical engineering company HARRISON AND CO has won two contracts worth £500,000 to provide steel sheet piling for a sewage treatment works at Bradford, Yorks, and for a flood-protection scheme at Ipswich, Suffolk.

WORLD STOCK MARKETS

NEW YORK

[illegible]

Early fall of 1.43 on Wall St

STOCKS WERE narrowly lower at mid-session in slow trading on Wall Street as investors avoided the market in the face of persistent firmness in interest rates and reports that President Reagan may impose economic sanctions on the Soviet Union.

By 1 pm, the Dow Jones Industrial Average was down 1.43 to $868.91 having shown a rise of 1.24 half-an-hour after the opening. Declines led advances by about seven to five and volume rose to 25.95m shares, against 20.51m on Monday.

The NYSE All Common Index was off 23 cents at $70.71.

Analysts said stocks were following the lead of the weakening bond market and both markets were nervously watching the Federal Funds Rate on overnight loans between banks, which has not dropped below 12 per cent since the beginning of the month.

The Federal Funds Rate yesterday rose to 13¾ per cent from Monday's close of 12⅞ per cent.

Chemical Bank raised its broker loan rate to 14 per cent from 13½ per cent. The rate at other banks is 13½ per cent to 13¾ per cent.

Trading was featureless, with most issues showing only fractional price changes. Oils, Rails, Drugs and Precious Metal issues were primarily lower.

Perkin Elmer was the volume leader, off ⅜ to $25⅛. A block of 602,000 shares traded at $25.

Also active were General Motors, up ½ to $38⅞, Warner Communications, off 1⅞ to $52⅞, IBM, off ½ to $56⅛, and Mobil, off ⅛ to $24⅛.

Baldwin United, which hit a 52-week high on Monday, dropped 2⅛ to $62⅞. The company plans to acquire MGIC Investment, which added ½ to $47⅞.

THE AMERICAN SE Market Value Index was 1.55 lower at 316.98 at 1 pm on volume of 3.34m shares (2.44m).

Scurry-Rainbow dropped $¼ to $48½. The stock had been halted since December 1.

Canada

Stock prices were off sharply in light trading with losses in the Golds, Metals, and Oil stocks.

The Toronto Composite Index was down 14 at 1,938 at mid-session on volume of 1.29m shares. Declines led advances 181 to 122.

Mr David James, of Richardson Securities of Canada, said the weakness in the metals reflects the recent drops in commodity prices. However, he said the light volume tends to magnify the losses.

Eleven of the 14 indices moved lower with Oil and Gas off 67.0 to 3,703.8, Golds down 183.2 to 2,901.1, and Metals dropping 16.2 to 1,805.7. The Paper and Forestry index was up 16.3 to 1,721.2.

Hong Kong

Stocks closed higher on pared gains with volume moderate. The Hang-Seng Index closed up 6.67 at 1,412.78 after a gain of 7.65 at the morning close, compared to Monday's 30.52 gain.

Share prices were generally steady, particularly the major stocks, which traders attributed to year-end technicalities.

Utilities generally firmed. **Hongkong Gas** closed at HK$28.20 after being unquoted on Monday, and closing at HK$26.60 bid last Thursday. **Hongkong Telephone** held at HK$30, **KMB** was 20c higher to HK$14.60, and **Hongkong Electric** was 5c higher to HK$5.45.

Cheung Kong closed up 50c at HK$21.80, **Hutchison Whampoa** 40c to HK$18 and **Hongkong Land** 15c to HK$9.55.

But **Swire Pacific "A"** was 40c lower at HK$11.40. **Jardine Matheson** lost 10c to HK$20.70, and **Hongkong Bank** was unchanged at HK$14.50.

Paris

Shares closed narrowly mixed in quiet trading.

A rush of purchases by small investors seeking tax benefits under the "Monory Law" two days before the end of the year delayed quotations at the start.

In Transports, the airline UTA was unquoted due to an influx of buying orders and in Steels Usinor met a rush of selling orders and was also unquoted.

Holding and Property companies, Stores, Electrical Equipment and Oil stocks were all mixed.

Banks, Insurance companies and Mechanical Engineering companies were steady, while Foodstores, Building companies, Chemicals and Steels fell.

Switzerland

Share prices eased slightly over a broad front in professional end-year trading, with private and institutional demand almost absent after Monday's small scale buying rally.

The bond market, however, held steady, as in domestic bonds, or was higher, as in foreign issues. But volume was thin and trading confined to professionals.

Among shares, the Banking sector was relatively active, with all major issues a little easier, but Swiss Volksbank registered closed SwFr 10 higher at SwFr 990.

Most Insurances held steady, while Industrials were generally easier.

Markets in Tokyo are closed until January 4

Germany

Leading shares closed mixed after a quiet and lacklustre session marked by low turnover.

VW, whose Audi subsidiary reported lower sales though higher profits in 1981, closed DM 1.10 lower at DM 133. In other Autos, BMW fell DM 1 to DM 192 and Daimler ended unchanged at DM 288.

In barely changed Banks Deutsche shed 0.40 to DM 261.60.

As the Commerzbank index fell 1.4 to 674.5, Deutsche Babcock rose DM 2.80 in Engineerings to DM 174, Linde added DM 1.50 to DM 315 and GHH the same to DM 209.50, but Mannesmann fell DM 1.30 to DM 153.

In Electricals AEG fell DM 1.10 to DM 45.70, but BBC rose DM 1.50 to DM 207. Leading Chemicals posted small gains.

Metallgesellschaft added DM 10 to DM 285, with some dealers citing price grooming for year-end accounts.

On the Domestic Bond Market public authority bonds traded little changed, with price movements of plus 0.20 points and minus 0.15.

The Bundesbank sold DM 11m of paper in Frankfurt after selling DM 20.70m on Monday.

Australia

Light buyer demand for oil issues enlivened a drab day.

The Oil and Gas index rose 9.6 to 674.7 and the main market monitor, the All Ordinaries Index, closed 0.6 up at 593.3. Turnovers were exceptionally low.

Many Industrial stocks did not trade and most major Miners eased. Brokers do not expect any pick-up in trading until the New Year.

Santos rose 10c to A$6.65, Claremont 5c to A$1.45, Hartogen 60c to A$8.60, Woodside 5c to A$1.25, and AOD 1c to A$1.66. Bridge was unchanged at A$4.40.

BHP gained 5c to A$10.40 while CSR firmed 2c to A$3.90. A parcel of 100,000 CSR 8 per cent convertible notes sold at A$6 each.

Elsewhere in Industrials, Myer slipped 2c to A$1.63, Woolworths added 1c to A$1.88. Cub rose 2c to A$2.55, Bank of NSW moved up 1c to A$2.98 and National Bank was steady at A$2.85.

Johannesburg

Gold shares fell across the board after the bullion price slipped below $400. But trading was fairly quiet.

Markdowns among Producers stretched to 175 cents as in Western Holdings and Doornfontein at R55.75 and R20.00 respectively.

Closing prices for North America were not available for this edition.

CANADA

[illegible]

BELGIUM (continued)

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

HOLLAND

[illegible]

ITALY

[illegible]

NORWAY

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

GERMANY

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Financial Rand US$0.80½ (Discount of 22½%)

BRAZIL

[illegible]

Indices

NEW YORK —DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

NY. S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

TORONTO Composite

[illegible]

[illegible]

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day	Monday	Stocks traded	Closing price	Change on day
Reliance Gp.	507,100	93¾	+ ½	Colgate	324,000	17	+ ⅛
IBM	405,700	56½	− ½	Mobil	272,300	24⅛	—
Gen. Motors	365,300	38½	—	Chrysler	261,600	3¾	—
Exxon	358,200	30⅞	—	Boeing	253,100	22½	+ ⅛
MGIC Inv.	345,500	47⅞	+ ½	GA-Pacific	207,900	21	+ ½

Egypt cuts cotton area

By Anthony McDermott in Cairo

THE EGYPTIAN Government has decided to reduce its cotton acreage for 1981-82 by about 7 per cent, and to increase the area under rice cultivation by one-fifth.

This decision, taken by the Higher Planning and Policies Committee reflects on the one hand the fact that Egypt still has unsold considerable stocks of cotton from last year, and on the other the drastic need to cut back on food imports.

The area under cotton is to be reduced from 1.18m feddans (1.27m acres) in 1980-81 to between 1.08m and 1.1m feddans. By contrast the rice growing area is to rise from 0.96m feddans to 1.15m feddans. Some of the reduction in cotton acreage—bringing it to its lowest area since the Second World War—will be offset by an impressive rise in yields. In 1979-1980 yields averaged 8.5 kantars (50 kilos) per feddan, and this rose to 8.77 kantars per feddan the following year. (Over the previous decade it had averaged just over 6.2 kantars per feddan.)

Food imports have been rising at an alarming rate and the U.S. Department of Agriculture reckons they will be worth $4.4bn this year, about $1bn above 1980's value. Simultaneous with the announcement about crop acreages, Mr Ahmed Nouh, the Minister of Supply, said that rice imports would fall from 100,000 tonnes last year to 25,000 tonnes this.

More LIFFE seats offered

By Our Commodities Staff

THE LONDON International Financial Futures Exchange (LIFFE) will invite applications for its second and final tranche of seats on January 14, it was confirmed yesterday. The closing date will be February 15.

The first tranche was offered in May this year when 214 seats were sold for £20,000 each. The price for the 185 seats remaining out of the pre-determined 400 total will be set at a meeting of the exchange's steering committee on February 11. It is expected to be between £25,000 and £35,000 per seat.

The offer will be advertised in the Financial Times and the Wall Street Journal.

Tin stocks rise from artificial low

BY OUR COMMODITIES STAFF

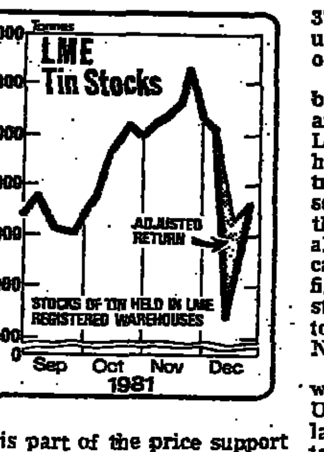
OFFICIAL FIGURES for tin stocks held in registered London Metal Exchange warehouses rose sharply last week following adjustment of returns which had shown a heavy fall in stocks held in the Hull warehouse the previous week.

The total stocks figure rose 4,425 tonnes to 13,335 tonnes, but Hull accounted for 3,935 tonnes of the increase and 3,750 tonnes of this represented a paper replacement of tin which had previously been reported as shipped from the warehouse. This metal had in fact been "taken off warrant" but not actually shipped.

As a result Hull warehouse keepers Gilyott and Scott yesterday adjusted their returns. Hull stocks are now officially put at 4,880 tonnes against 945 tonnes on December 18 and a previous high of 4,680 tonnes on November 27.

Total tin stocks had more than halved from their November 27 peak of 18,700 to the December 18 artificial low of 8,910 tonnes. But dealers were aware that last week's decline was artificial and it had little effect on market sentiment.

Leading tin dealers have consistently maintained that the LME stock decline this month cannot be justified on the grounds of consumer demand



but is part of the price support operation that has dominated world tin markets for the past six months.

On the LME yesterday cash standard tin fell £22.50 to £8,352.50 a tonne. Dealers attributed the fall to trade hedge selling coupled with the depressing effect of a 220-tonne sale from the U.S. General Services Administration stockpile.

Other stock movements in LME warehouse last week were: Copper, up 2,350 to 126,675 tonnes; lead, unchanged at 49,900 tonnes; zinc, down 550 to 75,375 tonnes; aluminium, down 25 to 154,450 tonnes; nickel, up 372 to 2,214 tonnes; and silver, up 240,000 ounces to 32,230,000 ounces.

On the LME cash copper wirebars fell £0.50 to £869.50 a tonne after rallying from early losses. Lower precious metals prices had encouraged the fall but trade pricing purchases and some U.S. buying encouraged the recovery. The early fall had also been influenced by American Bureau of Metal Statistics figures showing U.S. refinery stocks rose by around 20,000 tonnes between October and November.

Further downward pressure was attributable to news that U.S. car manufacturers were laying off workers after registering their lowest sales figures for 22 years.

The cash lead price fell £4.50 to £363.25 a tonne on light liquidation and stop-loss selling. Dealers reported some U.S. producers were still prepared to offer lead at a discount to the higher price levels established last week.

The biggest fall was in zinc, with cash metal ending £11 down at £466.50 a tonne. Dealers said this reflected the possibility of a return to work at Ireland's strikebound Tara mine at Navan where talks between employers and workers are planned for January 4.

Mexico nears its food goal

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO is beginning to achieve its goal of food self-sufficiency: 1981 was a record year for most crops, with a harvest of 28.6m tonnes, 4.3m tonnes more than 1980, according to official figures.

In the case of maize, the basic ingredient for tortillas, a kind of pancake which is the staple diet for 21m Mexicans who have been officially declared to be severely undernourished, self-sufficiency was virtually achieved. Maize production rose 2.4m tonnes to 14.7m tonnes.

Long the problem child of Mexico's oil-rich but food-deficient economy, agriculture is beginning at last to shape up to meet the demands of the 70m population, which is growing by an explosive 3 per cent a year.

For the second year running, agricultural production grew faster than the population. The sector grew by about 6 per cent in 1981, after registering an average annual growth of 1.6 per cent between 1965 and 1976.

Nevertheless, Mexico still registered a significant deficit on its 1981 agricultural trade account. The deficit is estimated at $650m to $700m, compared to $858m in 1890, by Banamex, the commercial bank.

Imports of foodstuffs were about 8m tonnes in 1981, compared to 10.5m tonnes in 1980, and exports of traditional crops, like tomatoes and strawberries, declined.

Some of the imports, however, were used to build up government stockpiles for 1982, an election year, when the long-ruling Institutional Revolutionary Party (PRI) likes to show largesse.

Imports are unofficially estimated at 2.5m tonnes in 1982.

The improvement in production is largely the result of better weather and the government's concerted series of measures, known as SAM, the acronym for Mexican Food System.

Thanks to less frost and more rain, an extra 2m hectares were harvested in 1981. Normally 18 per cent of the land under cultivation is lost every year because of weather. In 1981, only 8 per cent was lost.

There is drought in Mexico for nine out of every 10 years and only 15 per cent of the land is cultivatable.

Fuller dams enabled second crops to be sown in many areas.

The food news on the agricultural front would appear to justify the Government's expensive strategy for boosting production, which is costing several billion dollars.

After the U.S. suspended grain supplies to Moscow in 1980, as a punitive measure against the Russian invasion of Afghanistan, Mexico quickly declared food self-sufficiency to be a national goal.

The U.S. move set off alarm bells in Mexico which feared that the "food weapon" could be wielded against the country to pressure it to release more oil for Washington.

Self-sufficiency is common sense on many grounds, not the least being the pressing need to make agriculture more attractive so that peasants have less incentive to migrate in massive numbers to Mexico's ballooning cities.

By bringing SAM under the wings of the Presidency, the plan is given extra political weight. After decades of neglect, the agricultural sector is now getting highly subsidised credit and very cheap raw materials, like seeds and fertilisers. High guaranteed prices and a crop insurance plan and more technical assistance from the Government also help.

Farming in Mexico has now become very attractive. With low priced raw materials and guaranteed prices which have risen greatly in real terms, the profit margin has soared.

As long as the government has the cash from its oil revenue to be able to go on subsidising agriculture then output can be expected to continue to increase, but if the subsidies were to be withdrawn, production would fall sharply.

India expects record harvest

BY K. K. SHARMA IN NEW DELHI

INDIA's Agriculture Ministry said yesterday that there had been a remarkable recovery in farm production this year and record yields were expected both in foodgrain and commercial crops, thereby reversing the trend set by the drought in 1979.

Foodgrain production is estimated at 133m tonnes after taking into account the winter harvest which is expected to yield a record wheat crop of around 35m tonnes.

This follows good rain in the past couple of months in the wheat growing areas. There has already been a bumper summer rice crop.

In addition, the ministry says that there have been record levels of production of such commercial crops as jute, mesta and cotton. Sugar cane production was 151m tonnes in 1980-81 and is expected to reach the record figure of 180m tonnes in 1981-82.

Jute and mesta production rose from 7.9m bales last year to 8.4m bales this year and the trend is expected to be maintained. Cotton production has been estimated at 7.9m bales this year compared to 7.7m bales in 1980.

Similarly, production of lentils rose by 2.59m tonnes this year to 11.16m tonnes, a rise of over 30 per cent over 1980.

Production of oilseeds, which had gone down to 8.4m tonnes in 1979-80, rose to an estimated 10.3m tonnes this year.

The main reasons for the rise in production has been the increase of the area under irrigation and greater use of high-yielding varieties of seeds compared with a 5 per cent increase in fertiliser consumption.

Thailand raises rice target

BANGKOK—The Thai commerce ministry has set an export target of 3.5m tonnes of rice in 1982 or 0.5m tonnes higher than during the current year, Radio Thailand has announced.

The rice export trade next year would earn the country over $1.28bn or about 12.6 per cent higher than in 1981, the radio said.

SALMON FISHING

Faroes threat to Europe's rivers

BY LARRY KLINGER IN BRUSSELS

IF YOU can still afford it, and have been traditionally tucking-in to that relatively rare succulent pink flesh of the smoked salmon, you might wish to give a thought to the beautiful beast itself.

Long prey to poachers and outlawed fishing methods as well as legitimate anglers and licensed commercial fisherfolk, and more recently to potential deep-sea over-fishing, the salmon is once again at the centre of negotiations aimed at ensuring that it receives an adequate measure of international protection.

The problem is that the sleek, silvery, torpedo-shaped adult salmon—the one you see on your Christmas fishmonger's slab and whose only natural enemy of any consequence appears to be man—is once again being taken increasingly at sea.

This is prompting growing fears that insufficient numbers may be returning to their European river "homes," to spawn, or, less romantically, to provide a long-term commercial living for the coastal fisherman and continuing fun for the angler.

Talks on a new overall 1982 fishing agreement between the European Community and the Faroes—the remote independent northern Atlantic islands whose salmon fishing is causing the most immediate concern—have again been broken off, not to be resumed until after the New Year.

The latest marathon round of negotiations ended without agreement late on the Tuesday before Christmas, with the Faroese negotiators taking the last plane available in order to get home for their Yuletide feast.

The Irish, supported in varying degrees by the British, West Germans and the French, have been making the running in the argument against the Faroes' increasing salmon take.

The Irish say that Faroese "interceptory" fishing has increased more than 60-fold, from about 20.5 tonnes in 1968-78 to about 1,300-1,600 tonnes this year.

"A high proportion of these fish are of Irish origin, and if such high catch levels continue, the effects could be disastrous," said one official. "The very survival of the stock depends on adequate numbers returning to spawn. The Irish catch has fallen from 1,305 tonnes in 1977 to 800 tonnes this year."

Scientific experts, however, caution against hasty conclusions. They confirm that European coastal catches of returning fish have dropped in several areas, but point out that, because of the complicated life-cycle of the salmon, it is unlikely that the reduced catches are directly attributable to the Faroese.

That is not to say that the experts are not concerned. They point to the precedent of Greenland, which in similar circumstances to the Faroes agreed only after protracted negotiations to limit their worrisome deep-sea catch.

Moreover, say the experts, there is a larger proportion of "European salmon" in Faroese waters: younger fish which return sooner than from the more distant Greenland.

There is also considerable political sympathy for the Faroes: wintry islands similar geographically to the Shetlands but even more remote, roughly equidistant from the North of Scotland, Iceland and Norway, with more than 70 per cent of the 42,000-45,000 islanders dependent on fishing for their livelihood.

However, the extent of the concern becomes evident when the current EEC-Faroes negotiations, which are supposedly primarily concerned with an overall agreement on many species, have become centred on the salmon.

"It is certainly a sensitive problem," ventured a scientist at the UK Ministry of Fisheries' research directorate at Lowestoft, "but I wouldn't like to say just yet on what scale.

"It is probably fairest to compare the situation with Greenland in the early seventies, when, however, development of salmon fishing was nothing like as quick as in the Faroes.

BRITISH COMMODITY MARKETS

BASE METALS

Base-metal prices were generally a fraction easier in routine and subdued trading on the London Metal Exchange. Zinc was an exception and weakened noticeably in afternoon trading with forward metal dipping to close at the day's low of £474.5, reflecting the possibility of a return to work at Ireland's Tara mine at Navan. Copper traded quietly and closed at £895. Tin was finally £8,010, with cash sustained at the £8,350 level. Lead closed at £372, having drifted from £379, while Aluminium ended at £617 and Nickel at £2,975.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGr de				
Cash	866-.5	-3.75	869-70	-.5
3 mths	891.5-2	-3	895-.5	+.5
Settlem't	866.5	-4	—	......
Cathodes				
Cash	862.5-3	-3	864-5	-.75
3 months	887-9	-2.5	890-1	......
Settlem't	863	-3	—	......
U.S. Prod	—	......	*77-82	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £864.00, 865.00, 66.00, three months £891.00, 90.00, 89.00, 90.00, 89.50, 90.00, 91.00, 91.50, 92.00, 91.50. Kerb Higher Grade, three months £892.00, 92.50. Afternoon: Three months £896.00, 95.50, 94.00, 95.00. Standard cathodes, three months £890.00. Kerb: Higher Grade, three months £895.00, 94.50, 94.00. Turnover: 20,350 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	362-3	-5.25	363-.5	-4.5
3 months	375.5-6	-4.75	376.5-7	-1
Settlem't	363	-5	—	......
U.S. Spot	—	......	*31-4	......

Lead—Morning: Cash £363.00, 62.50, three months £379.00, 77.00, 76.00. Kerb: Three months £376.00, 75.50. Afternoon: Three months £376.00, 77.00. Kerb: Three months £375.00, 74.00, 73.00, 72.00, 72.50, 72.00, 71.00, 72.00, 71.50. Turnover: 3,950 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8350-1	-24.5	8350-5	-22.5
3 months	8030-5	-70	8015-20	-80
Settlem't	8351	-29	—	......
Standard				
Cash	8350-1	-24.5	8350-5	-22.5
3 months	8030-5	-70	8015-20	-80
Settlem't	8351	-29	—	......
Straits E.	£634.60	-9.42	—	......
New York	—	......		

Tin—Morning: Standard cash £8,360, 50, 51, 50, three months £8,090, 80, 75: 60, 50, 40, 59, 41, 40, 30. Kerb: Standard, cash £8,350, late-Feb £8,400, three months £8,030, 25. Afternoon: Standard, cash £8,340, 45, 50, middle-Jan £8,390, three months £8,020, 15. Kerb: Standard, three months £8,010, 15. Turnover: 2,480 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	469-70	-8	466-7	-11
3 months	478-9	-8	476-7	-10
S'ment	470	-8	—	......
Primw'ts	—	—	*44-50	......

Zinc—Morning: Three months £480.00, 81.00, 79.00. Kerb: Three months £479.00, 78.00. Afternoon: Three months £478.00, 77.00. Kerb: Three months £476.00, 75.00, 74.00. Turnover: 8,975 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	591-.5	-2.25	591-2	-2
3 months	616-5	-2.25	616-7	-1.25

Aluminium—Morning: Cash £591.00, three months £591.00, three months £615.00, 16.00, 15.00. Kerb! Three months £615.50, 16.00. Afternoon: Three months £620.00, 17.00, 16.00. Kerb: Three months £620.00, 19.00, 18.50, 18.00, 17.00. Turnover: 20,050 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2925-35	+5	2940-50	+20
3 months	2968-70	+7	2979-80	+7

Nickel — Morning: Three months £2,968, 69, 68, 70. Kerb: Three months £2,970: Afternoon: Kerb: Three months £2,975, 76.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 14.7p an ounce lower for spot delivery in the London bullion market yesterday at 425.25p. U.S. cent equivalents of the fixing levels were: spot 805c, down 24.3c: three-month 832c, down 23.9c; six-month 862.6c, down 24.6c: and 12-month 922.7c, down 25.4c. The metal opened at 421-425p (797-802c), and closed at 422-426p (798-803c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	425.25p	-14.7	421.5p	-16.0
3 months	441.15p	-14.8	437.5p	-12.7
6 months	457.55p	-15.1	—	......
12months	490.55p	-15.1	—	......

LME—Turnover 56 (45) lots of 10,000 ounces. Morning: Three months 442.0, 42.5. Kerb: Three months 442.50, 43.00. Afternoon: Three months 441.0, 39.0. Kerb: Three months £438.0.

COCOA

Futures traded within a narrow range to close a featureless day at levels unchanged from the opening call. Actuals business reflected the quiet trading conditions, reported Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
Dec	1139-41	-2.0	1146-40
March	1140-41	+1.5	1146-37
May	1138-40	-1.0	1148-40
July	1148-49	-0.5	1158-48
Sept	1158-60	-1.0	1161-60
Dec	1170-77	-2.0	—
March	1175-87	+5.5	—

Sales: 1,075 (285) lots of 10 tonnes.

(ICCO—Daily price fob Dec 29: 94.15 (94.74): Indicator for Dec 30: 94.17 (93.92). U.S. cents per pound.

378, 383, nil: Aug 393, 400, nil: Oct 395, 400, 395: Dec 400, 407, nil: Jan 407, 409, nil: March 414, 416, nil; May 422, 426, nil. Sales: 5.

GAS OIL FUTURES

The markets saw very little support and during the afternoon's trading fell further to close at the day's low, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
December	323.00	-4.25	323.00
January	326.25	-3.00	328.25-26.00
February	324.75	-3.75	328.50-24.50
March	318.75	-5.50	322.00-18.50
April	314.00	-1.00	314.00
May	310.00	-4.75	312.00-10.00
June	310.00	-3.75	310.00
July	310.00	-4.00	310.00
August	314.00	-0.25	—

Turnover: 1,282 (130) lots of 100 tonnes.

GRAINS

The market opened 10p down for old crop and unchanged for new crop. Wheat was kept steady by light shipper buying in the morning session but this was not the case in the afternoon. The market closed 5p up/35p down old crop wheat, 20p down old crop barley and new crops were 5p up/15p down, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Jan	108.40	-0.05	103.85	-0.20
Mar	112.35	-0.10	107.55	-0.20
May	115.60	-0.05	110.65	-0.20
July	118.45	-0.25	—	—
Sep	106.50	-0.15	101.55	—
Nov	110.15	+0.05	105.50	+0.05

Business done—Wheat: Jan 108.70-108.40, March 112.35-112.25, May 115.65-115.50, July 118.45 only, Sept 106.50 only, Nov 110.10-110.00. Sales: 117 lots of 100 tonnes. Barley: Jan 104.05-103.85, March 107.65-107.50, May 110.75 only, Sept 101.50 only, Nov 105.30 only. Sales: 111 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, Jan 115.75, Feb 116.25, March 118.50 transhipment East Coast seller. Maize: French, Jan 132.50 transhipment East Coast seller. S. African White, Dec 83 seller. S. African Yellow, Dec 83 seller. Barley: English Feed fob, Jan 110.50 South Coast, Feb 111.50 East Coast sellers.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Jan	178.80-74.50	179.75-81.90	180.50-76.00
March	176.00-76.10	180.95-81.00	181.90-75.00
May	175.90-75.25	181.75-81.90	182.50-78.00
Aug	178.50-80.00	184.15-84.30	185.50-79.50
Oct	185.00-85.50	187.75-88.00	188.50-85.00
Jan	184.00-90.00	188.00-90.00	—
Marc	189.00-90.50	193.50-94.50	194.50

Sales: 3,897 (1,555) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £375.00 (same) a tonne fob for home trade and £285.00 for export.

SOYABEAN MEAL

The market opened with gains of £1 reflecting slightly higher on cash markets reports T. G. Roddick. Prices drifted during afternoon in light trading closing unchanged on the day.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
February	127.50-28.5	+0.15	128.00
April	129.50-30.0	-0.10	130.00
June	128.00-29.7	-0.40	131.00-30.00
August	129.10-32.0	-0.05	—
October	130.00-35.0	+0.50	—
Dec	131.60-37.0	+0.50	—
Feb	132.00-39.0	+0.50	—

Sales: 16 (nil) lots of 100 tonnes

POTATOES

LONDON POTATO FUTURES—Market opened easier with relaxing of wintry conditions although prices recovered during day to close in mid-range, reports Coley and Harper. Closing prices: Feb 94.60 —0.90 (high 95.00, low 94.00): April 114.80 —1.10 (high 115.50, low 113.60): Nov 67.00 —0.20 (untraded). Turnover: 212 (92) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 86.0 to 90.0; Ulster hindquarters 102.0 to 106.0, forequarters 60.5 to 64.5. Veal: Dutch hinds and ends 140.0 to 146.0. Lamb: English small 76.0 to 88.0; Imported frozen: New Zealand Yls 63.0 to 64.0. Pork: English, under 100 lb 47.0 to 56.0, 100-120 lb 46.5 to 55.0, 120-160 lb 49.5 to 54.5.

MEAT COMMISSION—Average fatstock prices representative markets. GB—Cattle 105.66p per kg l.w. (+0.94). UK—Sheep 197.24p per kg est. dcw (+4.23). GB—Pigs 83.06p per kg l.w. (—2.17).

PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 29 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1125/1165	......	$1075/085
Copper			
Cash h grade	£869.5	-0.5	£855.5
3 mths	£895.25	+0.5	£869.25
Cash Cathode	£865	-0.75	£850.5
3 mths	£890.5	......	£865.75
Gold troy oz	$394.50	......	$402.5
Lead Cash	£363.25	-4.5	£336
3 mths	£376.75	+1.0	£344.75
Nickel	£2945	+20	£2978.69
Free mkt	250/290c	......	250/80c
Platin'mtr'y oz	£—	......	£260
Freemkt	£—	......	£204.35
Quicksilvert	$412/418	......	$420/425
Silver troy oz	425.25p	-14.70	412.80p
3 mths	441.15p	-14.85	427.00p
Tin Cash	£8,352.5	-22.5	£8590
3 mths	£8,017.5	-80	£8210
Tungsten22.0 lb	$—	......	$138.06
Wolfrm 22.04lbs	$120/125	......	$127/131
Zinc Cash	£466.5	-11.0	£425
3 mths	£476.5	-10.0	£432.75
Producers	$—	......	$1000
Oils			
Coconut (Phil)	$550y	......	$570
Groundnut	‡	......	‡
Linseed Crude	‡	......	£425
Palm Malayan	$480x	-2.5	$487.5
Seeds			
Copra Philip	$345w	......	$355
Soyabean(U.S.)	$257x	......	$260.5
Grains			
Barley Fut.Mar	£107.55	-0.20	£107.45
Maize	£132.50x	......	£128.5
Wheat Fut.Mar	£112.25	-0.10	£111.70
No2 HardWint	†	......	‡
Other commodities			
Cocoa ship't*	£1195.5	......	£1,174
Future Mar.	£1140.5	+1.5	£1103.5
Coffee Ft' Mar	£1150.5	+7.0	£1063.5
Cotton A.Index	67.40c	+0.05	68.50c
Gas Oil Jan.	$326.25	-4.25	$324.5
Rubber (kilo)	52.7p	+0.80	51.60p
Sugar (Raw)	‡	......	£159
Woolt'ps 64s kl.	380p kilo	......	370pkilo

‡ Unquoted. w Dec-Jan. x Jan. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

Israeli: 3.30-3.60. Dates—Tunisian: 30s 0.50-0.60; U.S.: 0.43-0.44. Figs—Turkish: 48 x 8-oz 0.25. Tomatoes—Spanish: 0.80-1.50; Canary: 1.00-1.80. Onions—Spanish: Grano 3/5 5.00-5.50. Capsicums—Dutch: 5-kilos, red 7.80; Canary: Green 3.00-3.50, red 4.50-5.00; Italian: Green 3.50; Israeli: Reds 6.50.

COFFEE

COTTON

WOOL FUTURES

RUBBER

SUGAR

AMERICAN MARKETS

NEW YORK, December 29.

Copper—Jan. 73.40 (73.25). Feb 74.55 (74.20). March 75.20-75.60, May 77.00, July 78.70-78.90. Sept 80.35, Dec 82.85, Jan 83.65, March 85.25, May 86.85, July 88.45, Sept 90.05.

Potatoes (round whites)—Feb 70.0 (68.4), March 74.5 (73.2), April 73.9-80.6, Nov 76.0-77.0. Sales: 428.

CHICAGO, December 29.

Live Cattle—Feb 55.67-55.67 (57.17), April 56.55-55.55 (57.05), June 56.75-58.75, Aug 5.87-55.87, Oct 54.82-54.82, Dec 56.25.

Live Hogs—Feb 43.20-43.35 (44.05), April 42.85-42.95 (43.30), June 45.80-45.90, July 46.85-46.90, Aug 45.90, Oct 44.95, Dec 46.40, Feb 47.60.

‡‡Maize—March 271¼-270¾ (275½), May 281¾-281½ (285¾), July 287¼-286¾, Sept 269½-289¾, Dec 293¾-293½, March 304½.

Pork Bellies—Feb 60.25-60.60 (60.97), March 60.55-60.80 (61.30), May 61.80, July 62.60-63.30, Aug 61.55.

†Soyabeans—Jan 615½-614½ (622), March 628½-629½ (635), May 643-643½, July 658-657, Aug 659, Sept 658, Nov 663-662, Jan 677½-678, March 694.

†Wheat—March 390½-391½ (393¾), May 399½-400 (403½), July 403-403½, Sept 461½, Dec 433½, March 448½.

WINNIPEG, December 29.

§Rye—Dec 159.00 (same), May 172.90 (173.50), July 178.00n Oct 172.50.

§Barley—Dec 120.50 (118.00), March 125.30 (124.20), May 128.10, July 129.80, Oct 132.60.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, December 29.

Maize—(U.S. $ per tonne): U.S. No. 3 Corn, Yellow: Afloat 124.50, Jan 123, Feb 125, March 127, April/June 130.50, July/Sept 134, Oct/Dec 137.

PARIS, December 29.

Cocoa—(FFr per 100 kilos): Dec 1240 bid, March 1235 value with 1230-1232, May 1231-1239, July 1255-1265, Sept 1267-1273, Dec 1285-1290, March 1295-1300. Sales at call: 6.

Sugar—(FFr per tonne): March 1923-1925, May 1965-1970, July 1975-1995, Aug 2015-2040, Oct 2030-2040, Nov 2030-2040, Dec 2055-2075, March 2075-2100. Sales at call: 31.

INDICES

FINANCIAL TIMES

Dec. 23	Dec. 22	Month ago	Year ago
247.36	247.00	247.43	263.19

(Base: July 1, 1952=100).

MOODY'S

Dec. 23	Dec. 22	Month ago	Year ago
—	966.6	978.8	1241.3

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 23	Dec. 22	Month ago	Year ago
Spot	356.12	355.92	358.27	444.14
Fut,rs	361.23	361.57	366.80	467.08

(Average 1924-25-26=100)

REUTERS

Dec. 23	Dec. 23	M'nth ago	Year ago
1617.5	1613.1	1603.3	1719.9

(Base: September 18, 1931=100)

Soviet sugar hopes high

BONN—The Soviet sugar industry is producing sufficient sugar to supply the population and many branches of the food industry in spite of bottlenecks in sugar beet production in recent years, the East Bloc Agricultural Newsletter said.

The Newsletter, quoting the Soviet "Sugar Industry" magazine, said Soviet brown sugar production averaged 10.8m tonnes a year from 1976 to 1980, against 9.5m a year from 1971 to 1975.

In Port-of-Spain meanwhile, Trinidad and Tobago's largest sugar producer, the state-owned Caroni company, said it was aiming to produce 123,000 tonnes of sugar for 1982.

The target was expected to be reached by grinding operations at the Brechin Castle, Woodfort Lodge, St Madeleine and Reform factories.

With harvesting just about one month away, work has been going on apace to make it a successful one. Heavy rains earlier this year played havoc with the 1981 crop and led to a shortfall in production. Reuter

Japanese rubber output down

TOKYO—Japanese rubber production, including synthetic rubber, fell 5.2 per cent in November to 85,595 tonnes from a revised 90,248 in October and was down 6.3 per cent from a revised 91,299 a year earlier, the Ministry of International Trade and Industry said.

Cumulative January/November output fell 2.6 per cent to 956,921 tonnes from a revised 982,673 a year earlier. Reuter

Soyabean price pressure forecast

WORLD soyabean prices should remain under pressure during the first quarter of 1982, reflecting the continuing burden of large U.S. soyabean and maize supplies. London commodity traders Gill and Duffus said in their report on the soyabean complex.

Monthly average second position soyabean futures on the Chicago Board of Trade are expected to trade in a range of $6.24 to $6.77 a bushel, the report said.

LONDON STOCK EXCHANGE

Markets resume on cheerful note with Gilts leading the advance—Aslef news fails to disturb sentiment

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec 7	Dec 17	Dec 22	Jan 4
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1

* "New time" dealings may take place from 9.30 am two business days earlier.

Financial year-end considerations lent firmness to the two principal investment sectors when London stock markets resumed trading yesterday after the Christmas holiday. Government securities attracted institutional demand, part of which was believed to represent Discount House portfolio balancing. Private investor support was encouraged by publicity given to the high returns currently offered by Gilt-edged securities.

Improved U.S. money supply figures provided little help initially, but quotations soon went higher with the emphasis on the shorts. Also assisting in this area was a late easing yesterday in short-term interest rates and closing gains ranged to ½. Longer-dated stocks sometimes ended ⅝ better, but trade was relatively small with the market thin and looking oversold. After last week's minor fluctuations, the FT Government Securities index gained 0.31 to 62.37.

The cloudy outlook on the industrial relations front failed to dampen enthusiasm for equities. After a slow start, leading shares moved ahead to close at the day's best despite late news that Aslef had ordered a two-day rail strike for January 13 and 14. Further predictions of a modest economic recovery next year possibly added some weight to the upturn, but a more important influence was the absence of sellers.

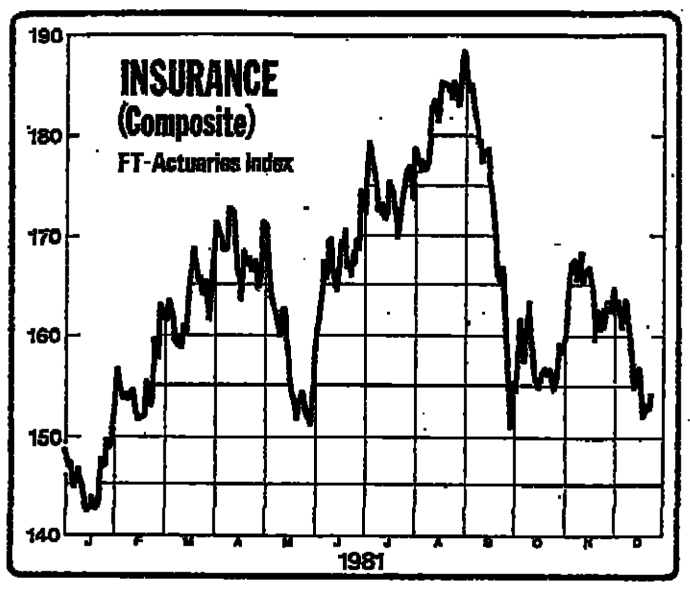
News items were responsible for firm features such as Sears, Vectis Stone, Chubb and George M. Callender, but the session's major surprise was the 9.30 am suspension of dealings in **Tube Investments** and the associated **British Aluminium**. After initial uncertainty, both listings were restored before 11.00 am after the announcement that BA was to close its Invergordon smelter. BA settled 3 higher at 48p and TI, after being called lower, closed 4 up on balance at 124p. Measuring the performance of the leaders, the FT Industrial Ordinary share index rose 5.9 to 524.0.

Another subdued session in Traded options resulted in 485 deals being arranged, 426 of which were taken out in calls; GEC and ICI recorded 105 and 92 trades respectively.

Bank of Scotland down

An uneventful session in the banking sector was notable only for a fall of 15 to 515p in recently buoyant **Bank of Scotland** following profit-taking in the absence of the much-rumoured bid. Elsewhere, Merchant banks encountered selective demand. **Hambros** rose 4 to 163p as did **Hill Samuel**, to 158p.

Fears that damage caused by recent storms could result in compensation pay-outs of around £30m by Insurance companies were shrugged aside as Composites made modest progress in thin trading. **Sun Alliance** gained 4 to 830p and **GRE** 2 to 294p following a broker's circular. **Commercial Union** hardened a couple of pence to 129p and **General Accident** and **Royals** were similarly better at 316p and 332p respectively. In Life issues, **Pearl** added 4 at 400p.



Breweries finished a shade firmer for choice. **Belhaven** featured secondary issues, rising 3 to 25p, after 26p, on sporadic speculative interest fuelled by the 8.6 per cent stake taken in the company by **John Lawrence** (Glasgow).

Buildings featured **George M. Callender**, which jumped 24 to a 1981 peak of 80p following the agreed 85p per share cash bid from **Colas Products**, a subsidiary of **Shell UK**. **Vectis Stone** put on 4 to 28p on the 7 per cent annual profits increase, while **Benford Concrete Machinery** added a couple of pence to a high for the year of 65p. Elsewhere, **Manders** attracted fresh support and firmed 3 to 137p, while **Allied Residential**, 22p, and **Bryant**, 73p, added 2 apiece. Selected leading issues also went better, **Blue Circle** rising 4 to 494p and **Ready Mixed Concrete** 2 to 208p.

Interest in ICI was small, but the close was a net 6 up at 286p. Among other Chemicals, **Croda International** gained 3 more to 78p and the **Deferred** 2 to 48p on hopes of an increased offer from **Burmah Oil**, a penny better at 124p. Speculative interest lifted **Arrow** 4 to 40p.

Debenhams wanted

The prospect of increased profitability following the excellent consumer response reported for the post-Christmas sales prompted a firmer tone among leading Stores. **Debenhams** were particularly good at 71p, up 4, while **Gussies "A"** added 3 at 425p and **Marks and Spencer** closed a couple of pence to the good at 127p. Business in secondary counters was again dominated by special situations. Still excited by the near-25 per cent stake taken by **Colonial Mutual Life Assurance**, **Heal and Son** rose 1½ points for a two-day gain of 3½ at £23. **Grant Bros.** picked up a few pence to 182p, still 8 below the cash offer from **Jadepoint**. **Owen Owen**, which controls around 14 per cent of Grant eased 3 to 215p. Revived speculative demand lifted **Liberty** 4 to 132p, with the **Non-Voting** a similar amount to the good at 78p.

Among Shoes, **Headlam Sims and Coggins** rose 4 to 64p following the announcement that **Associated Investments** now holds almost 11 per cent of the equity.

Publicity given to a broker's favourable circular helped **Plessey** to rise 5 to 360p. Other Electrical majors closed firm but the volume of business left a lot to be desired. **GEC** put on 8 to a 1981 peak of 825p and **Thorn EMI** appreciated 5 to 455p, while **Philips' Lamps** advanced 7 to 422p. Elsewhere, **Quest Automation** found support and rose 10 to 125p, while **Ferranti** improved 7 to 615p and **Electrocomponents** 5 to 155p. By way of contrast, **Sony** dipped 35 to 925p.

Engineers were featured by a sharp reaction and subsequent recovery in **British Aluminium and Tubes** following the announcement by the former of the closure of its Invergordon smelter. After a brief suspension, dealings resumed in **British Aluminium** which touched 30p before closing 3 firmer on the day at 48p, while **Tubes** ended 4 higher on balance at 120p, after having touched 108p. Other leading Engineers finished on a slightly firmer note, gains of a couple of pence being marked against **GKN**, 162p, and **Hawker**, 326p. Favourable press mention stimulated occasional support for **Brockhouse**, 2½ dearer at 31½p. Press comment also helped **Hopkinsons** to improve 2 to 99p and **Birmid** a penny to 22½p. Renewed demand left **Benjamin Priest** 5½ to the good at 40p, while **United Wire** continued firmly and put on 3 more to 81p. **Cronite** were noteworthy for a gain of 4 to 27p, and other firm spots included **Babcock**, 3 up at 84p, and **Weir Group**, 1½ dearer at 52p.

Leading Foods met with sporadic support and **Rowntree Mackintosh**, a dull market since its successful dawn raid on Huntley and Palmer, rallied 8 to 164p. **J. Sainsbury** hardened 5 to 505p and **Associated Dairies** put on a couple of pence to 128p, while **Linfood**, a New Year investment recommendation, put on 5 to 172p. **Brooke Bond** added a penny to 48½p following press comment.

The undertone in leading Hotels and Caterers was firm, but improvements were modest. Elsewhere, **De Vere** were unchanged at 180p: the company has sold the De Vere Hotel at Hyde Park Gate, London, for £2.35m.

Sears better

Comment on the sale of **Sears** of one of its troublesome textile machinery companies and the announcement yesterday of further asset sales attracted buyers to Sears which improved steadily to close 5 up at the day's best of 54p. Elsewhere in miscellaneous industrials, **Chubb** advanced 7 to 106p on news that the Kuwaiti Investment Office has increased its stake in the company to 6.75m shares. Buying ahead of the interim results, due January 7, left **Peter Black** 6 better at 218p, while **Marley** put on 3 to 42p in response to an investment recommendation. Still reflecting bid hopes, **Royal Worcester** added 5 afresh to 195p, while improvements of 3 and 4 respectively were seen in **London and Midland**, 93p, and **Highgate and Job**, 46p. **Jenks and Cattell** improved a few pence to 60p following the company's success in acquiring control of **Elliott Group of Peterborough**, a penny dearer at 39p. Far-Eastern influences helped **Jardine Matheson** to advance 16 to 191p and **Hutchison Whampoa** to gain 9 at 168p. The quietly firm leaders were led higher by **Glaxo**, 8 better at 420p. **Unilever** gained 4 to 604p, while **Trafalgar House**, following press comment, edged forward 2 to 105p.

In the Leisure sector, **Intasun** gained 3 to 96p following an investment recommendation, while **Black and Edgington** firmed 2 to 54p on revived bid hopes.

Group Lotus, which announced disappointing interim figures last Thursday, rallied 5 to 26p on recovery hopes.

Initially firm at 90p, **Brunning** encountered profit-taking and slipped back to 84p before the re-emergence of speculative support resulted in a close of 93p, up 4. A Press mention helped **Richard Clay**, a couple of pence better at 42p, while the announcement that the company is to change its residence to the Bahamas lifted **Eucalyptus Pulp** 8 to 213p.

Carless good

Leading Properties were barely tested, but selected secondary issues attracted support. **Second City** touched 59p before closing a net 4 up at 58p, while **Control Securities**, a major shareholder in Second City, improved a couple of pence to 54p. **Berkeley Hambro** added 2 to a 1981 peak of 342p, the latter on further consideration of the agreed merger with Town and City Properties.

Oil shares made useful progress after a slow start. **British Petroleum** and **Shell** settled with gains of 8 at 318p and 400p respectively. **Ultramar** also closed 8 firmer, at 500p, while **Tricentrol** put on 6 to 236p. Favourable press mention directed buying attention to **Carless Capel** which rose 8 to 168p; **Candecca** improved 9 to 219p in sympathy. **International Petroleum** rallied 15 to 185p, while **Marinex** found support at 112p, up 5. **Global Natural Resources** closed 30 up at 600p following the announcement of the completion by a subsidiary of a third successful gas well.

Among Financial Trusts, sporadic demand left **Britannia Arrow** 1½ dearer at 47p, while **Kitchen Taylor** edged up 3 more to 100p.

British and Commonwealth closed 7 cheaper at 313p; the death of Mr Bernard G. S. Cayzer, a director of the company, was announced yesterday. **Milford Docks**, a firm market recently on the marketing deal with the Port of Felixstowe, advanced 5 more to 143p.

Imperial attracted useful support following a press recommendation and closed 3 dearer at 73p.

Golds marked down

Activity in mining markets was generally confined to a mark-down of South African Golds in the wake of the weakness in the bullion price in transatlantic markets over the Christmas holiday; in New York on Monday, the gold price dipped to around $393 an ounce while in London yesterday bullion was finally $394.50 compared with last Thursday's close of $404.

After the initial mark-down, share prices tended to steady, helped by light London buying interest but the Gold Mines index registered a fall of 8.4 to 310.3.

In the heavyweights, losses ranged to almost a full point as in **Western Holdings**, £23½.

Among the medium and lower-priced issues, **Durban Deep** were vulnerable and fell 54 to 934p. **Doorfontein** gave up 40 to 845p and **Kinross** 26 to 608p.

Financials were depressed by the recent fall in precious metal prices. **Gold Fields** came on offer and lost 10 to 485p. **Charter** were finally 3 off at 250p and **Rio Tinto-Zinc** ended unchanged at 443p after having touched 448p.

Modest gains in overnight Sydney and Melbourne markets coupled with renewed speculative buying of selected oil and gas stocks gave Australians a minor boost.

Oil and gas issues were again featured by **Claremont Petroleum** which advanced 7 more to 90p—a rise of 20 over the last three trading days—following further talk that a major oil company has acquired a stake in the company. **Santos**, which has a 40 per cent interest in the Jackson oil find in Australia in which Claremont holds 10 per cent, put on 10 to 390p.

Golds drifted with **Poseidon** prominent and finally 7 cheaper at 163p. In the more speculative Gold, **Allstate** dropped 6 to 28p and **Samantha Exploration** 4 to 26p.

Meekatharra Minerals were active again and settled a net 5 better at 525p, while, in the leaders, **Western Mining** edged up 3 to 247p and **Peko-Wallsend** rose 10 to 330p.

FINANCIAL TIMES STOCK INDICES

	Dec. 29	Dec. 24	Dec. 23	Dec. 22	Dec. 21	Dec. 18	A year ago
Government Secs	62.37	62.06	62.03	61.99	61.89	62.06	68.75
Fixed Interest	63.00	63.08	63.08	63.05	62.92	63.05	70.57
Industrial Ord.	524.0	518.1	517.7	518.8	520.7	521.3	470.0
Gold Mines	310.3	318.7	314.4	322.2	332.9	338.0	441.3
Ord. Div. Yield	5.72	5.78	5.79	5.79	5.78	5.78	7.58
Earnings, Yld. % (full)	10.04	10.16	10.16	10.14	10.12	10.12	16.97
P/E Ratio (net) (*)	12.72	12.58	12.57	12.60	12.62	12.62	7.22
Total bargains	8,281	9,301	12,720	14,552	14,417	12,403	11,230
Equity turnover £m.	—	50.86	78.98	149.77	108.81	126.42	46.89
Equity bargains	—	4,187	9,258	13,162	11,715	10,947	7,298

10 am 520.0. 11 am 519.2. Noon 520.7. 1 pm 522.2.
2 pm 522.3. 3 pm 522.6.
Latest Index 01-246 8026.
*Nil=11.36.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3)	60.17 (26/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/3)	61.61 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines.	429.0 (14/8)	262.6 (29/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 24	Dec. 23
—Daily		
Gilt Edged Bargains	56.4	89.0
Equities Bargains	27.1	60.0
Equities Value	102.8	161.7
5-day Avrge.		
Gilt-Edged Bargains	106.6	120.5
Equities Bargains	63.8	74.1
Equities Value	208.5	234.9

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (21)

BRITISH FUNDS (2)
Treasury 3pc 1982 Treas. Variable '82
AMERICANS (1)
Norton Simon
BEERS (1)
Bell (A.) 5½pc Cnv.
BUILDINGS (2)
Benford Machinery Callender (G. M.)
CHEMICALS (2)
Croda Int. Hickson & Welch
ELECTRICALS (1)
GEC
ENGINEERING (4)
United Engineering Weir Group
United Wire Do. 10pc Conv.
INDUSTRIALS (3)
Dunhill (Alfred) Vinten
Sidlaw Inds.
NEWSPAPERS (1)
Link House
PAPER (1)
Brunning
PAPER (1)
Berkeley Hambro
SHOES (1)
Headlam Sims
OIL & GAS (1)
Jackson Exploration

NEW LOWS (5)

ENGINEERING (1)
Eva Industries
OIL & GAS (1)
Collins (K.) Pet.
MINES (3)
Coronation Argosy Gold
Falcon

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	89	—	2
Corpns. Dom. and Foreign Bonds	7	4	81
Industrials	233	85	1,039
Finacial and Props.	79	40	391
Oils	32	9	66
Plantations	2	2	18
Mines	18	57	53
Others	39	46	69
Totals	499	243	1,739

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 14	Dec 31	Mar 25	Apr 5
Jan 4	Jan 15	Apr 15	Apr 26
Jan 18	Jan 29	Apr 28	May 10

For rate indications see end of Share Information Service

Call options were arranged in Royal Bank of Scotland, ICL, Tesco, Bowater, Candecca, Control Securities, Belhaven, FNFC, Prince of Wales Hotels, Britannia Arrow, S & K Petroleum and Trident TV. A put was done in Royal Bank of Scotland, while doubles were taken out in Courtaulds, S & K Petroleum and Royal Bank of Scotland.

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing price p	+ or −	Div. Amount	Times covered	Gross yield	P/E ratio
§80	F.P.	8/1	84	80	✣A & G Sec. Elecs.5p	83	......	b2.75	2.5	4.0	13.7
—	F.P.	4/12	850	775	✣Asprey	825	......	35.0	3.3	6.1	5.4
100	F.P.	—	97	96	Baillie Gifford J'n Tst	97	......	—	—	—	—
§35	F.P.	—	35	32	✣City Site	33	......	b0.5	1.2	2.2	54.8
225	F.P.	5/2	240	233	Comp.&Systs.Eng 20p	233	+1	b3.15	3.8	1.9	15.1
82	F.P.	22/1	86	83	Cussins Prop.	84	......	b4.9	2.6	8.3	6.3
80	F.P.	15/1	84	81	✣Equipu.	83	......	bd3.1	2.1	5.3	12.8
—	F.P.	—	10	9	F&C Enter. Warrants	9	......	—	—	—	—
61	F.P.	22/1	65	62	✣Good Relations Grp.	62	......	b2.5	2.0	5.8	11.8
§50	F.P.	9/12	50	39	✣Gr'nw'hCable&Cm.	39	......	—	—	—	—
100	F.P.	22/1	109	101	✣Hardanger Prop.	101	......	bd9.8	2.2	11.9	4.7
160	F.P.	4/1	165	157	✣Hayters	157	......	b10.8	1.9	9.6	7.5
100	F.P.	8/1	104	100	New Australia Inv.50p	103	......	—	—	—	—
US$5.90	F.P.	—	305	283	Newmarket (1981)	283	......	—	—	—	—
US$4.25	F.P.	—	205	145	✣Nimslo Int. 20c	153	−2	—	—	—	—
§5	F.P.	—	9	4½	Peck Hldgs.	7½	......	—	—	—	8.1
—	F.P.	—	14½	8	Sampang (Java) 2½p	12	−1	—	—	—	—
—	50p	—	82	70	✣Saxon Oil	70	......	—	—	—	—
§67	F.P.	18/12	70	68	✣Sheldon Jones	69	......	u3.5	2.4	7.2	7.8
115	F.P.	—	120	118	Speyhawk	120	+1	bd7.0	2.5	8.3	6.4
†	F.P.	31/12	33	31	✣Television South10p	33	......	—	—	—	—
—	F.P.	—	5	4	Viners 1p	4	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981 High	1981 Low	Stock	Closing price	+ or −
97.48	£25	—	26½	23¼	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	24	—
100	F.P.	26/2	103	102	Essex Water 10% Red. Prf. 1986	102	—
‖	Nil	—	7pm	4pm	Haslemere Est 9pc.Conv Uns Ln. 2001/06	4pm	—
**	F.P.	—	153p	135p	McLeod Russel 8.4% Cnv. Red. Cum. Prf	148p	+2
§100	F.P.	—	100½	99	Nat'wide Bdg.Society15½%Bds (24/11/82)	99	—
§100	F.P.	—	100	99¼	Do. 15¼% Bds. (13/12/82)	99¼	—
69	F.P.	—	78	64	Pennine Comm.12pc.Conv.Uns.Ln.1991	68	—
70	F.P.	—	73	54	Do. 15½ pc. Uns. 1986	70	—
100	Nil	—	1¼pm	¼pm	Telfos 12% Cnv. 1991	1pm	—
—	F.P.	—	135	115	Viners 10% Cnv. Loan 1988	115xd	—

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981 High	1981 Low	Stock	Closing price p	+ or −
7½	Nil	31/12	29/1	1pm	¾pm	Abwood Mach.	¾pm	—
142	F.P.	29/12	29/1	158	155	Brown (M)	157	—
2.5A$	Nil	—	—	92pm	60pm	C S R	78pm	—
162	F.P.	23/12	21/1	185	172	Great Portland Estates	174	—
44	Nil	—	—	6pm	6pm	Lennons Grp.	6pm	—
7½	F.P.	18/12	15/1	9½	7¾	Raglan Prop.	9½	+¼
90	Nil	—	—	10pm	7pm	Rea Brothers	10pm	—
50	F.P.	17/12	21/1	54	50	Strong & Fisher	52	−2
25	Nil	—	—	4pm	1pm	Telfos	2pm	+1
05 cts	Nil	10/12	28/1	117pm	108pm	T N T	114pm	—

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. *m* Interim since increased or resumed. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1981. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✣ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. ‡ Issued as a pak comprising 33 Ordinary and £5 Loan 1986-88.

ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
Bank of Scot	10	530	+18	Cns Gold Flds	6	485	—
GEC	9	817	+3	Euro Ferries	6	72	—
RTZ	9	443	−2	Plessey	6	355	—
Ryl Bank Scot	8	195	−2	Racal Elec	6	430	+5
Stone-Platt	8	11	—	Sears	6	49	—
Lonrho	7	74	+1	Shell Trans	6	392	−2
Tmr & Newall	7	82	—	Town & City	6	32	—

THURSDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bank of Scotland	515	−15	Claremont	90	+7
Belhaven	25	+3	Cons. Gold Fields	485	−10
British Aluminium	48	+3	Debenhams	71	+4
Candecca	219	+9	Sears	54	+5
Carless Capel	168	+8	Second City Props.	58	+4
Chubb	106	+7	Tubes Invs.	120	+4

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Dec 29 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thurs Dec 24 Index No.	Wed Dec 23 Index No.	Tues Dec 22 Index No.	Mon Dec 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	354.40	+0.6	9.83	4.49	12.63	352.25	351.36	351.44	351.41	286.48
2	Building Materials (25)	297.65	+0.6	15.28	5.77	7.52	295.78	295.56	296.53	298.45	244.35
3	Contracting, Construction (28)	526.95	+0.1	17.82	5.35	6.55	526.44	526.51	528.28	528.95	401.25
4	Electricals (30)	1245.54	+0.8	7.31	2.31	17.49	1235.57	1231.69	1229.37	1226.49	956.44
5	Engineering Contractors (9)	481.90	+0.2	13.22	5.87	8.83	480.82	482.61	484.20	486.54	397.68
6	Mechanical Engineering (66)	190.13	+0.6	11.21	5.74	11.36	189.05	188.13	188.49	187.90	171.17
8	Metals and Metal Forming (12)	164.99	+0.9	8.36	7.38	16.18	163.58	164.10	164.07	164.70	136.59
9	Motors (21)	93.51	+0.2	—	7.30	—	93.30	93.03	93.21	94.00	92.74
10	Other Industrial Materials (18)	370.89	+0.3	8.78	6.13	13.94	369.66	367.91	367.54	367.11	0.00
21	CONSUMER GROUP (198)	266.73	+0.8	13.61	6.19	9.01	264.70	264.63	265.21	265.26	237.77
22	Brewers and Distillers (20)	270.15	+0.2	17.30	7.24	6.91	269.62	270.32	274.24	266.84	263.21
25	Food Manufacturing (21)	261.07	+0.4	15.91	6.53	7.55	260.11	260.04	260.77	261.53	210.74
26	Food Retailing (15)	546.30	+0.9	9.72	3.59	12.46	541.28	540.94	536.67	541.78	461.97
27	Health and Household Products (7)	343.18	+0.9	9.11	4.66	12.90	340.21	338.87	337.82	338.57	258.29
29	Leisure (24)	414.17	+0.7	9.86	5.31	12.63	411.40	411.84	412.44	415.21	348.88
32	Newspapers, Publishing (12)	473.85	+0.1	13.01	6.36	11.14	473.55	473.55	475.60	479.87	424.85
33	Packaging and Paper (13)	128.18	+0.2	15.84	8.40	7.53	127.88	127.88	126.97	128.07	114.80
34	Stores (46)	239.79	+1.5	12.09	5.63	11.08	236.36	236.04	236.76	238.18	247.10
35	Textiles (23)	152.75	+0.5	10.47	6.49	12.31	152.05	151.88	151.33	152.55	123.87
36	Tobaccos (3)	257.95	+1.0	22.44	10.11	5.12	255.42	256.42	255.52	256.13	198.45
39	Other Consumer (14)	247.12	—	7.80	7.31	21.23	247.12	247.12	248.04	246.43	0.00
41	OTHER GROUPS (80)	228.58	+0.7	11.36	6.11	11.38	227.01	227.03	226.63	226.53	219.02
42	Chemicals (16)	297.31	+1.5	6.08	6.09	25.72	292.80	293.12	293.05	293.43	296.03
44	Office Equipment (4)	114.68	—	15.94	7.64	7.50	114.68	113.77	112.86	112.40	101.58
45	Shipping and Transport (13)	508.48	−0.1	21.08	7.26	5.65	508.90	508.50	503.24	504.84	539.35
46	Miscellaneous (47)	291.96	+0.2	12.49	5.55	9.75	291.33	291.53	291.62	290.85	264.42
49	INDUSTRIAL GROUP (487)	291.20	+0.7	11.82	5.52	10.46	289.18	288.86	289.12	289.13	252.55
51	Oils (13)	745.92	+2.2	19.09	7.57	5.93	730.08	734.15	742.39	743.31	923.78
59	500 SHARE INDEX	328.05	+1.0	13.14	5.89	9.19	324.94	324.96	325.86	325.94	305.61
61	FINANCIAL GROUP (119)	251.39	+0.3	—	6.06	—	250.52	250.52	248.77	250.04	233.37
62	Banks (6)	276.27	−0.1	32.62	6.84	3.58	276.53	276.92	271.61	271.62	246.39
63	Discount Houses (9)	247.16	—	—	8.96	—	247.16	247.16	245.63	247.16	286.85
64	Hire Purchase (3)	237.30	+1.0	13.11	7.79	10.56	234.94	234.94	237.30	237.30	197.04
65	Insurance (Life) (9)	249.87	+0.8	—	6.41	—	247.79	247.79	245.97	247.35	229.68
66	Insurance (Composite) (10)	154.24	+0.7	—	8.68	—	153.19	153.39	152.01	153.49	146.08
67	Insurance Brokers (8)	414.63	+1.0	11.23	5.87	12.06	410.73	408.31	409.73	410.99	318.59
68	Merchant Banks (12)	153.63	+0.7	—	5.31	—	152.54	152.80	152.60	152.13	146.22
69	Property (50)	451.74	+0.1	4.89	3.24	27.35	451.40	451.36	452.34	456.14	441.63
70	Miscellaneous (12)	174.41	+0.5	17.28	6.04	7.08	173.55	172.57	171.90	172.62	160.49
71	Investment Trusts (110)	284.77	+0.2	—	5.68	—	284.27	284.73	285.59	286.34	281.96
81	Mining Finance (4)	235.22	−1.0	14.65	6.04	8.22	237.49	237.99	237.63	241.73	227.95
91	Overseas Traders (17)	400.59	—	13.15	7.95	9.28	400.68	400.55	401.17	403.94	425.66
99	ALL-SHARE INDEX	310.15	+0.7	—	5.95	—	307.88	307.94	308.22	308.77	290.34

FIXED INTEREST

	PRICE INDICES	Tues Dec 29	Day's change %	Thurs Dec 24	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.41	+0.26	105.13	—	10.97
2	5-15 years	98.88	+0.59	98.30	—	13.45
3	Over 15 years	99.94	+0.61	99.33	—	15.25
4	Irredeemables	109.80	+0.61	110.11	0.97	14.70
5	All Stocks	101.05	+0.49	100.56	0.01	13.18
6	Debentures & Loans	78.67	−0.21	78.84	—	11.06
7	Preference	61.15	+0.21	61.03	—	7.81

	AVERAGE GROSS REDEMPTION YIELDS		Tues Dec 29	Thurs Dec 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.39	13.51	11.96
2		15 years	14.06	14.14	11.96
3		25 years	14.08	14.16	11.96
4	Medium Coupons	5 years	16.23	16.35	13.58
5		15 years	15.99	16.09	13.83
6		25 years	15.35	15.44	13.50
7	High Coupons	5 years	16.05	16.20	13.57
8		15 years	16.19	16.28	14.06
9		25 years	15.60	15.69	13.72
10	Irredeemables†		13.40	13.49	11.60
11	Debs & Loans	5 years	16.85	16.86	14.62
12		15 years	16.67	16.63	14.48
13		25 years	16.55	16.48	14.34
14	Preference†		16.29	16.32	14.64

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	63.9	68.7	-0.1	2.11
Capital	38.5	41.6	+0.2	4.09
Accum. (Units)	49.8	53.0	+0.2	4.09
General	59.5	64.1	+0.4	4.79
Gilt & Fixed Int.	94.6	99.6	+0.3	13.15
Income	36.7	39.7	+0.1	9.42
Worldwide Bond	106.1	112.3	-0.1	5.96
Inv. Tst. Fd.	50.7	53.8	-0.1	4.37
Equities Prog.	83.1	89.8	+0.2	4.55

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.
AHR Gilt Trust 82.5 86.8 +0.5 13.99

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	90.2	96.5	+0.4	5.59
Brit. Inds. Fund	76.0	81.5	+0.5	6.57
Growth & Income	57.2	61.2	+0.3	4.08
Elect. & Ind. Dev.	46.7	50.0	+0.1	4.80
Allied Capital	97.6	104.4	+0.3	4.78
Hambro Fund	134.0	143.4	+0.7	5.86
Hambro Acc. Fund	196.7	210.5	+0.9	4.75

Income Funds

High Yield Fd.	65.6	70.2	+0.4	9.06
High Income	82.2	88.0	+0.6	[illegible]
Equity Income Fd.	47.5	50.8	+0.2	7.26

Chieftain Trust Managers Ltd (a) (g)
11, New St., EC2M 4TP. 01-283 2632.

American (z)	[illegible]	30.7	+0.3	1.58
Australian (z)	[illegible]	25.4	+0.1	0.98
Far Eastern Tst. (z)	[illegible]	46.5	+0.2	1.21
High Income	33.0	36.1	+0.3	12.19
Intl. Trust (z)	49.6	53.9	+0.2	1.40
Basic Resources Tst.	[illegible]	52.8	+0.1	2.13
Incm. Growth Tst.	[illegible]	[illegible]	+0.1	8.59
Pref. & Gilt Tst.	[illegible]	20.2		15.78
Smaller Co's Trust	27.7	30.1	+0.2	3.61

Chesterton Fund Managers (g)
57-63, Princess St., Manchester. 061-236 5685

Growth	15.9	17.1		3.78
International	64.2	69.4		1.17
High Income	28.0	30.2	+0.2	11.71

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282
Growth Fund 74.2 78.1 3.70

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8ED. 01-248 4984

High Income	34.1	37.2	+0.2	12.29
North American	61.1	66.0	+0.9	2.58
Canadian Exempt*	67.0	70.9	+0.8	2.99
Canadian Trust	[illegible]	[illegible]		2.99
Mid Mount High Inc.*	44.4	47.0	-0.2	10.19
Recovery	52.7	57.4	+0.3	3.81
Gilt Trust	37.6	39.3	-0.4	0.28

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	43.1	46.5	-0.1	0.54
Cres. Internat'l.	89.5	96.0	-0.2	1.55
Cres. High. Dist.	43.2	46.4	+0.2	9.39
Cres. Reserves	[illegible]	54.8	+0.2	5.42
Cres. Tokyo	41.4	44.7		0.28

Dartington Unit Trust Mngt. Ltd.

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

CANADIANS—Continued

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Contd.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
71	40	Hewitt (J.)	47	......	†1.8	5.2	5.5	4.3
50	26	Highgate & Job 50p.	46	+4	—	—	—	—
162	40	Hill (Chas.) £1	140	+2	—	—	—	—
116	86	Holden (A.)	103	......	5.0	2.2	6.9	7.8
47	21	Hollis Bros	21	......	—	—	—	—
77	49	Holt Lloyd Int. 10p	57	......	3.17	1.5	7.9	10.5
163	68	Hoover 'A'	82	......	†6.0	—	‡	—
133	39	Hoskins & H 20p	112	+2	†2.0	—	2.6	—
76	48	Howard Tenens	58xd	......	‡1.55	0.6	‡	64.4
400	210	Hunting Assoc.	215	......	5.0	5.8	3.3	5.4
160	75	Huntleigh 10p	102	......	†1.5	4.2	2.1	12.4
226	120	Hutch Whamp $HK1	168	+9	†034c	2.7	1.9	21.3
15	9	Hyman (I. & J.) 5p	13½	......	‡0.83	0.1	‡	—
£20½	£12⅝	I.C. Industries$1	£18	+⅛	Q$2.20	—	6.4	—
70	25	ICL	43	......	—	—	—	—
46	35	Ingall Inds. 10p	38½	......	2.5	1.3	9.3	11.6
251	180	Initial Services	242xd	......	†9.0	2.5	5.3	10.1
23	9	Inter-City 20p	19	+½	—	—	—	—
102	39	J. B. Holdings 10p	101	–1	†3.0	4.9	4.2	6.6
192	110	Jacksons Bourne	158xd	......	5.0	1.4	4.5	23.3
27	12	James (M.) Inds. 10p	22xd	......	†1.0	3.3	6.5	5.2
248	118	Jardine M. $HK5	191	+16	†Q88c	2.0	4.3	12.0
25½	15	Jentique	21	......	1.3	0.1	8.8	—
257	152	Johnson Clnrs.	212	+1	†7.0	3.4	4.7	7.0
*300	186	Johnson Mthy. £1	290	+3	9.5	2.3	4.7	(8.7)
92	57	Jourdan (T.) 10p	66	......	5.25	1.8	11.4	6.9
81	37	Kalamazoo 10p	40	+1	2.5	0.9	8.9	18.5
170	128	Kelsey Inds.	139xd	......	8.0	♦	8.2	♦
148	112	Kennedy Sm. 10p	143	......	†4.38	4.1	4.4	7.4

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
330	85	Colby Res. Corp.	125	......	—	—	—
330	200	Cons. Murch. 10c.	250xd	......	Q60c	♦	12.8
10	5	‡‡Explaura Gold	5	......	—	—	—
98	47	††Hemerdon 10c.	65	......	—	—	—
180	65	Highwood Res.	80	–5	—	—	—
505	240	Northgate C$1	250	......	—	—	—
633	372	R.T.Z.	443	......	16.0	2.3	5.2
£130½	£93½	Do 9¼% Cu.Ln. 95-2000	£99	......	Q9½%	—	f9.9
103	13	††SPO Minerals 10p	22	......	—	—	—
47	17	Sabina Inds. C$1	18	......	—	—	—
44	21	‡Southwest C. 10p	29	......	—	—	—
650	465	Tara Exptn. $1	495	–20	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♀ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –
Albany Inv. 20p	40	......
Bertrams	16	......
Bdg'wtr. Est. 50p	485	......
Craig & Rose £1	£13	......
Finlay Pkg. 5p	26	......
Graig Ship. £1	£22	......
Higsons Brew	75	......
Holt (Jos) 25p	520	......
I.O.M. Stm. £1	158	......
Pearce (C. H.)	840	......
Peel Hldgs.	116	......
Sheff. Refrshmt	83	......
Sindall (Wm.)	190	......

IRISH	Price	+ or –
Conv. 9% '80/82	£93⅞	......
Nat. 9¾% 84/89	£70¼	......
Fin. 13% 97/02	£75¾	......
Alliance Gas	75	......
Arnott	290	......
Carroll (P.J.)	81xd	......
Concrete Prods.	90	......
Heiton (Hldgs.)	27	......
Irish Ropes	36	......
Jacob	63	......
T.M.G.	13	......
Unidare	60	......

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	6½	House of Fraser	13	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	18	Vickers	15
B.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	17	Legal & Gen.	20	Cap. Counties	10
Blue Circle	38	Lex Service	9	Land Secs.	30
Boots	18	Lloyds Bank	28	MEPC	20
Bowaters	19	"Lots"	3½	Peachey	15
Brit. Aerospace	17	London Brick	6½	Samuel Props.	13
B.A.T.	20	Lucas Inds.	16	Town & City	2¼
Brown (J.)	5	"Mams"	21	**Oils**	
Burton Ord.	12	Mrks. & Spncr	19	Brit. Petroleum	28
Cadburys	8	Midland Bank	26	Burmah Oil	11
Courtaulds	5½	N.E.I.	7	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	19
Distillers	16	P & O Dfd.	9	Premier	7
Dunlop	6½	Plessey	26	Shell	28
Eagle Star	25	Racal Elect.	33	Tricentrol	25
F.N.F.C.	4	R.H.M.	7	Ultramar	40
Gen. Accident	30	Rank Org. Ord.	24	**Mines**	
Gen. Electric	55	Reed Intnl.	23	Charter Cons.	21
Glaxo	32	Sears	5	Cons. Gold	49
Grand Met.	15	Tesco	5	Lonrho	7
G.U.S. 'A'	36	Thorn EMI	30	Rio T. Zinc	45
Guardian	38	Trust Houses	11		
G.K.N.	12	Tube Invest.	12		
Hawker Sidd	25	Turner & Newall	7½		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Wednesday December 30 1981

U.S. 'nerve gas for UK' move

BY DAVID BUCHAN IN WASHINGTON

A U.S. Defence Department panel has recommended that if the U.S. resumes production of nerve gas the bulk should be stored in Britain for use in any possible European war, Washington officials said yesterday.

The Pentagon was thrown into confusion by leaking of the highly classified report in an interview given by Miss Amoretta Hoeber, U.S. Assistant Deputy Army Secretary; but it acknowledged the accuracy of reports on the study by the Defence Science Board. Miss Hoeber was said to be on leave in California.

The U.S. stockpile of nerve gas, part of which is in West Germany, is said to be getting out of state and in need of replacement.

Nerve gas is generally colourless and odourless, and attacks the nervous system, causing vomiting, convulsions and sometimes suffocation for periods ranging from minutes to several hours.

British diplomats in Washington insisted that the Government had not been informed about the possibility of the U.S. deploying nerve gas on U.S. aircraft based in Britain, and that the Defence Science Board recommendation had no official U.S. approval.

The Campaign for Nuclear Disarmament reacted speedily to the report, pledging a major campaign against the weapons.

Ms Joan Ruddock, CND's national chairwoman said: "Like the decision on Cruise missiles and the neutron bomb, this latest leak shows the total lack of respect with which the Reagan Administration regard the British people and Parliament."

The CND will mount a local and national campaign against the gas bombs, particularly round U.S. air bases at Upper Heyford, Oxon and Lakenheath, Suffolk.

The report is expected to stir controversy elsewhere in Europe, where protest against deployment of non-conventional weapons has mounted in recent months.

U.S. officials claim that nerve gas can be stored safely because its two "binary" components become lethal only when mixed after firing. Other experts doubt this, and also whether nerve gas weapons can work without extensive and dangerous testing.

President Nixon stopped U.S. nerve gas production in the late 1960s after an accident at a Utah proving ground killed several thousand sheep.

But since then the Soviet Union is reported to have large stocks of nerve gas, which unlike biological weapons is not banned by international treaty, and gas decontamination gear.

Congress approved an initial $20m (£10.6m) this year to restart nerve gas production. This appears to meet approval from Mr Reagan, though a formal decision on resumed production has not yet been taken.

U.S. Defence officials believe the Soviet Union would use nerve gas unless deterred by a sufficiently large Nato stock of such gas. They say that protective gear against nerve gas is cumbersome and would greatly slow any forces attacking Western Europe.

Miss Hoeber had said that the Science Board's recommendation, which she expected to be taken seriously by the U.S. Government, was to base most of any new nerve gas stocks in Britain, partly because of the likelihood that West Germany would not accept new chemicals weapons on its soil.

Another option might be to put the nerve gas in U.S. aircraft-carriers, but Miss Hoeber said the U.S. Navy "is not keen on this" because of shortage of space on the carriers.

Lyston McLain writes: The Ministry of Defence in London said yeseterday that it had had no approaches from the U.S. about the possibility of putting nerve gas weapons at its air bases in Britain. None was expected.

U.S. Air Force bases in Britain include Mildenhall, Lakenheath and Bentwaters in East Anglia; Alconbury, Hunts; and Upper Heyford.

The Government is already engaged in a campaign to convince public opinion of the need to have U.S.-owned and operated nuclear cruise missiles based in England, at RAF Greenham Common, Berks, and RAF Molesworth, Cambs.

Keep watch on golden handshakes, says MP

By John Moore

A COMPENSATION settlement, worth over £700,000, to Mr Jack Gill, the former deputy chairman and managing director of Associated Communication Corporation, the entertainment conglomerate, has sparked off a political row.

Mr Anthony Beaumont-Dark, MP (Conservative, Selly Oak), yesterday called on the Government to set up a watchdog body to police golden handshakes of more than £75,000.

He made the request in a letter to Mr John Biffen, the Secretary of State for Trade, following the announcement last week that Associated Communications intended ot make the record award to Mr Gill, who resigned from the group in September.

Mr Beaumont-Dark said: "A total payment of this amount has to be obscene and unwarranted in the day and age in which we live."

At the time of the announcement of the proposed award to Mr Gill, Associated Communications unveiled losses of over £8m for the six months to September. Lord Grade, group chairman, said that it was not to pay a dividend for the half year.

Already, the proposed payout has caused an uproar in the City. Only the few shareholders who hold voting shares will be entitled to approve the payment at an extraordinary general meeting on January 8.

Lord Grade holds 27.6 per cent of the voting shares. Pension funds which have made investments in the group hold only about 8 per cent of the non-voting shares.

Reg Vaughan adds: Thomas Borthwick and Sons, the loss-making international meat trader, has paid out a total of £83,000 in compensation payments to two former directors and has made a further undisclosed payment to another director in the current year.

The compensation payment, shown in the group's 1980-81 acounts, is shared between Dr Bill Bullen, the former chairman who retired from the board at the end of last January, and Mr Julian Sturgis, a former finance director, who resigned at the end of October 1980.

Dr Bullen has been paid £43,000 in the form of ex-gratia and superannuation payment while Mr Sturgis' £40,000 payment is based on a service agreement with about a year to run.

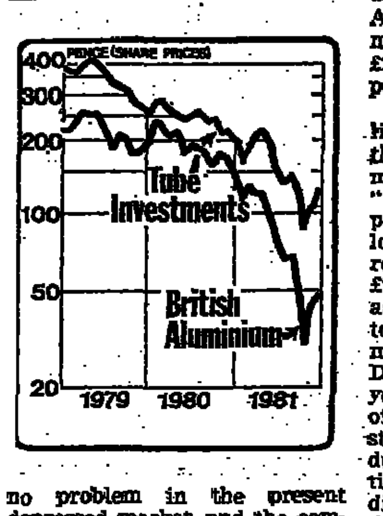
The last compensation payment made by Borthwick was £88,000 to Mr David Burditt, a former managing director, an amount which was sharply criticised by the shareholders.

Editorial comment, Page 10

THE LEX COLUMN

Aluminium out of the melting pot

Index rose 5.9 to 524.0



Despite tight conditions in the overnight Federal Funds market, which put upward pressure on U.S. banks' broker loan rates, period eurodollar rates were moving down yesterday while there was a concerted easing of money markets in a number of European financial centres. The Bank of England did its bit by greatly overdoing its help to the discount market, and a gentle end-year rally developed in both equities and gilt-edged.

British Aluminium

British Aluminium has extricated itself from its problems with the Invergordon smelter in a lot better shape than might have been expected. Two months ago, there were fears in the stock market that Invergordon could bring the whole company to its knees. Now it seems clear that British Aluminium has a viable future, albeit in a truncated form. The shares touched 30p immediately after yesterday's announcement that the smelter was to be closed, but eventually closed at 48p—a rise of 3p on the day.

The key financial fact is that borrowings at the end of 1981, after providing for all closure costs, will amount to less than 50 per cent of shareholders' funds. The implication is that at the bottom line, the shut down will involve relatively modest write-offs against net worth.

The explantation is that the company had one really valuable asset left at Invergordon—its contractual right to receive electricity at favourable prices until the year 2000. In terminating the contract, it has been able to realise what in effect amounts to a capital gain on these rights—against which has been able to set the closure costs and write downs, and the disputed power charges. It has also been able to unwind its contribution to the capital cost of the power station, which was being financed by cheap Government loans.

Shareholders' funds a year ago amounted to £121m, and it looks as though they are still over £100m. Most of the increase in net borrowings must relate to 1981's "substantial" trading losses, which in turn had a great deal to do with Invergordon.

The company is left with annual sales of over £200m. It has two small smelters with economic power supplies based on hydro electricity, one of which has just been modernised at a cost of £35m. From being a net seller of primary metal, it will now have to buy about half its requirements on the open market. This should be no problem in the present depressed market, and the company is confident that when supplies are tighter it will be able to reflect the extra cost of its supplies in the prices of its end products. Its strategy has been to keep out of high volume markets, and concentrate its downstream activities on the more specialised areas.

British Aluminium's shares are valued at £23m, and after the disastrous performance in recent years they could now start to attract the recovery funds. The news is also a welcome relief to its parent company, Tube Investments, which closed 4p higher at 120p.

Borthwicks

The auditors' report on Thomas Borthwick's accounts draws attention to the directors' assurances on the continued availability of banking facilities before coming up with its true and fair view. In fact the autumn refinancing package, though clearly crucial to the company's survival, has not improved the look of the balance sheet. Borthwick's long-term bank debt has been reduced from £30m to £4m, and £66m of debt is now callable—although the banks have agreed to see the company at least through its present financial year.

What has improved the look of things is the group's quite rapid shrinkage, which has shaken £16m out of net working capital and cut total borrowings net of cash by £13m to £71m. Thanks to exchange translation gains, net tangible assets have actually edged up a little, despite a £2m attributable loss, to £20m.

But the validity of this figure is heavily influenced by the worth of £64m of fixed assets, heftily revalued in 1978. Borthwicks comments on the falling value of abattoirs in Australia, and has written its own Australian assets down by a modest £1½m. It also made a £2.4m loss last year on the disposal of subsidiaries.

The company has not published current cost accounts on the curious grounds that falling meat prices give rise to "ranger" of showing CC profits alongside historical cost losses. More concrete risks are reflected in a capitalisation of £7.7m on a share price of 15p: at present it is more profitable to leave Borthwicks' employment than to own the shares. Directors received £83,000 last year as compensation for loss of office—a small amount by the standards of the leisure industry, no doubt, but still 16 times the cost of the nominal dividend and nearly three times the company's distributable reserves.

Sears

Quite apart from yesterday's bear-garden at the opening of Selfridge's "January" sale, it has been a busy Christmas for the parent company, Sears Holdings. Hard on the heels of the Christmas Eve announcement of a series of engineering disposals comes a deal to sell the U.S. industrial laundry business to Initial Services.

Like the engineering companies, the laundry operation does not fit in with management policy of concentrating resources on retailing, distribution and services. However, this spate of activity does not necessarily signal further wholesale rationalisation of the group's ragbag trading portfolio.

The two remaining engineering businesses, Pegson and ... together are now just about back in profit—seem to have clear for sale signs attached to them. But everything else—from motor distribution to betting—can be squeezed in under the umbrella.

Cash flow has remained strong in 1981 and net debt will not be too wildly adrift of the £27m at the end of the last financial year, in spite of the $100m spent on acquiring the Butler shoe chain in the U.S. Unlike Great Universal Stores, Sears is ploughing its cash back into retail assets. It has already expanded the Butler chain—which seems to be performing well—and is eyeing Europe.

But Sears has an uncertain record in making acquisitions, so the market is not prepared to take much on trust. The shares rose 5p yesterday to 54p, reflecting the specific loss elimination benefits in engineering. The yield is about 6½ per cent.

Poland may be resuming interest payments

By Peter Montagnon, Euromarkets Correspondent

A HINT that Poland may be moving to catch up with its interest payments to Western banks came yesterday with reports from Frankfurt that limited payments have resumed for the first time since the imposition of martial law.

But bankers in other centres cautioned that the situation remained confused, with telex and telephone links with Warsaw still blocked. Several leading international banks said they were not aware of any fresh interest payments being made.

Poland has to complete some $450m (£237.9m) in overdue interest payments before it can sign an agreement to reschedule repayment of about $2.4bn in debts falling due to Western banks in the final three quarters of this year.

Even if interest payments are being resumed, it will take some time for a clear pattern to emerge. That is because of the communications difficulties and because discussions between the banks have been curtailed during the long holiday period, one banker said yesterday.

Another said he believed substantial Polish payments were in the pipeline, although it was not certain that they were, in fact, intended to cover interest commitments.

Doubts about Poland's ability to meet its interest commitments emerged shortly after the military takeover in the country when 22 leading banks were asked to provide $350m in short-term bridging finance to meet the bill.

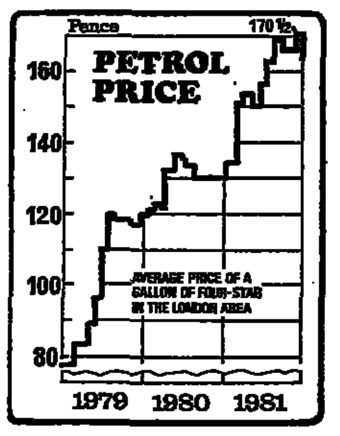
Poland's foreign trade bank, Bank Handlowy, which made the request, insisted even after it was clear that this finance would not be forthcoming that it wanted to go ahead with the rescheduling agreement.

The 500 banks due to sign the rescheduling agreement are proceeding with preparations in order to avoid delays after normal business relations with Poland resume.

The banks have told Poland that any further assistance with the interest payments would have to come from the Soviet Union. They explained that they are not willing to help the military regime while repression continues.

Petrol 'war' sends prices below £1.55 in some areas

BY RAY DAFTER, ENERGY EDITOR



AN OIL industry battle for petrol sales has led to sweeping cuts in prices. And refiners said yesterday there was a good chance that petrol prices would not rise much next year.

The average price of four-star has slipped to under £1.65 a gallon, compared to well over £1.70 a gallon in mid-November. The competition is fiercest in urban areas where the average is nearer £1.60 a gallon.

Motorists in the West Country, the Midlands and the North are benefiting most. In Bristol, Plymouth, Manchester and Liverpool, for instance, it is possible to buy four-star petrol for £1.55 or less.

Companies like Shell, Esso, British Petroleum and Texaco are pouring millions of pounds a month into their dealer operations to support price cutting.

British Petroleum said that its BP and National chains, which account for about 17 per cent of the UK market, were receiving more than £2m a month in support subsidies.

In addition to these subsidies, granted on a garage-by-garage basis depending on the egree of local competition, some companies have introduced general reductions in their wholeseale rates on a temporary basis.

It is understood that at least one supplier is considering cutting its wholesale price by more than 3p a gallon to reduce the amount of support payments to dealers.

The latest wave of price cutting has arisen for a number of reasons. One of the main factors is that independent companies are now able to buy spot cargoes of petrol much cheaper.

Continental storage companies have been reducing their stocks of petrol to make way for heating oil, now in heavier demand. As a result the spot price of petrol fell to about $340 a tonne immediately before Christmas compared to more than $370 in early November and almost $400 at the end of July.

Oil companies have also been helped by the relative strength of the pound against the dollar. Because oil is priced in dollars, the industry's operating costs fall when sterling is strong.

The competition has been heightened as a result of companies trying to maintain their market share at a time of depressed sales. The petrol market has been hit by the bad weather of recent weeks and by the long holiday break within much of industry and commerce. "There are too many gallons chasing too few motorists," commented one oil executive.

Latest government figures, published in the Energy Department's Energy Trends bulletin yesterday, show that petrol deliveries in the August-October period dropped to 4.83m tonnes, 2.8 per cent less than in the corresponding period last year.

Deliveries in the January-October period were 1.6 per cent down on the corresponding 10 months of 1980. According to industry estimates, there could be a marginal increase in sales next year.

BP energy saving plan, Page 6

Sears sells U.S. laundry interest

BY DUNCAN CAMPBELL-SMITH

SEARS HOLDINGS, the diversified retailing group whose outlets include Mapin and Webb and Selfridges, as well as three shoe-shop chains, has announced its second major consolidation move in a week with the sale of the group's U.S. laundry business for $22m (£11.6m).

Consolidated Laundries, acquired by Sears in 1964, has been sold to Initial Services, the laundry services company which already controls more than a third of the UK market for industrial cleaning and has recently shown a growing interest in overseas markets.

Sears, which disclosed the sale of its textile machinery interests on Christmas Eve, has now concentrated its U.S. interests around three retailing subsidiaries. Marcus Company and Miss Erika Inc last year contributed profits, before tax and interest, of $2.9m against $4.3m earned by the laundry business.

Butler Shoe Corporation, bought by Sears in February, will represent the group's main U.S. business. Sears' interim results included operating profits of £3.2m by Butler for the five months to July 31.

Sears paid $100m for Butler Shoe. It intends to use the proceeds of the Consolidated Laundries sale to help reduce dollar borrowings which part-funded that purchase.

Mr Michael Walker, a director of Initial, said the company and its advisers, N. M. Rothschild, saw Consolidated Laundries as "the best possible opportunity" to take a first step into the U.S. market.

Consolidated had a book value in June of $28.3m, which included two Manhattan properties being retained by Sears for redevelopment potential.

Consolidated's sales last year were $53m. Only a slight gain is expected for this year but this should still double Initial's existing revenues from overseas markets, estimated at about £30m of a total turnover of £150m.

Initial will finance its purchase, which is to be made in cash, out of a Eurodollar loan from Midland Bank. It will also receive a £2m loan from Sears, to be repaid over five years.

Continued from Page 1

Rail men

Agreement to set up these arrangements and the two-stage pay deal was worked out in talks with Acas in August, which averted a previous national strike threat over the issue.

Improved productivity is crucial to BR winning further government investment, particularly in its programme for increased electrification.

However, BR's tough line was stressed yesterday by Mr Cliff Rose, board member for industrial relations, who said he would be meeting his colleagues today "to consider what further efforts are possible to persuade Aslef to honour the understanding on productivity" reached with the "understanding on pay" with Acas.

Stressing that the pay and productivity elements were mutually dependent and that the board was determined that both should be honoured. Mr Rose said that since the Acas talks in August, "Aslef has shown absolutely no willingness to accept any variation to the 8-hour day."

Mr Rose added that the action could harm the industry permanently.

Continued from Page 1

Deputy Premier in Bonn

Ministers has fallen through. He spoke on the telephone yesterday with his British, Italian and Belgian colleagues and with Mr Haig, the U.S. Secretary of State.

President Reagan's pre-Christmas speech blaming the Soviet Union for events in Poland has further embittered U.S.-Soviet relations.

Mr Andrei Gromyko, the Soviet Foreign Minister, yesterday told the U.S. Government to "stop its interference in the affairs of the Polish People's Republic." He delivered the message to Mr Arthur Hartman, U.S. Ambassador in Moscow, who had called on the Foreign Ministry in advance of President Reagan's expected announcement of sanctions.

While Mr Gromyko was warning the U.S. to stay out of Polish affairs, the Soviet Communist Party newspaper Pravda in Moscow yesterday urged the Polish Communist Party to strengthen "combat ranks" and weed out waverers.

The radio added that a further 13 alleged strike organisers in other mines had also been arrested under the martial law regulations.

Yard man for Trident casinos

BY DUNCAN CAMPBELL-SMITH

A SENIOR POLICE officer from Scotland Yard is to join Trident Television with executive responsibilities for the company's newly acquired casino interests, bought from Playboy on December 17.

Deputy Assistant Commissioner Peter Nievens has been with the force for 33 years, serving most recently as Director of Information at New Scotland Yard.

He was not available for comment last night, but it is understood that he will retire at the end of the year to take up the position. No salary details have been disclosed.

Mr Ward Thomas, Trident's chairman, said he was delighted that Mr Nievens had agreed to accept an executive board position with a new subsidiary yet to be set up for the casino interests. The commissioner's experience and advice, he said, would be "invaluable."

The move is bound to be seen as part of an attempt by Trident to cast off the shadow of the casinos' past under Playboy management, which still threatens to prevent the renewal of their licences.

Playboy appointed Admiral Sir John Treacher in July, in a similar bid to impress the courts with the appointment of new management.

The licensing justices were apparently unimpressed, and Trident is preparing to appeal next month against their refusal in September to renew the casinos' licences.

Weather

UK TODAY

COLD, dull and misty in most places with outbreaks of rain or snow.

London, S. and E. England, Midlands, S. Wales, Channel Islands
Dull and misty with outbreaks of rain. Max. 4C (39F).

Rest of England and Wales, Scotland
Dull and misty, cloudy in parts. Occasional rain or snow. Max. 3C (37F).

N. Ireland, Isle of Man
Mostly cloudy with rain. Max. 5C (41F).

Outlook: Unsettled with rain in most parts and sleet or snow in the north on high ground.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	15	59	L. Ang.†	F	9	48
Algiers	R	15	59	Luxmbg.	R	3	37
Amsdm.	R	2	36	Luxor	S	23	73
Athens	S	15	59	Madrid	C	7	45
Bahrain	F	27	81	Majorca	C	16	61
Barcina.	C	13	55	Malaga	C	15	59
Beirut	C	17	63	Malta	S	19	66
Belfast	R	4	39	Mchstr.	R	3	37
Belgrd.	F	7	45	Melbne		—	—
Berlin	C	−3	27	Mx. C.†		—	—
Biarritz	F	12	54	Miami†	F	23	73
Bmghm.	Fg	1	34	Milan	Sn	0	32
Blackp'l	R	4	39	Montrl.†		—	—
Bordx.	C	11	52	Moscow	Sn	−5	23
Boulgn.	R	8	46	Munich	F	−1	30
Bristol	R	4	39	Nairobi	F	20	68
Brussels	C	7	45	Naples	C	15	59
Budpst.	C	2	36	Nassau		—	—
Cairo	F	18	64	Nwcstl.	R	5	41
Cardiff	C	3	37	N. York	C	4	39
Casbca.	C	19	66	Nice	C	10	50
Cape T.		—	—	Nicosia	R	12	54
Chicg.†	F	−7	19	Oporto	C	11	52
Cologne	C	3	37	Oslo	Sn	−7	19
Cpnhgn.	C	−2	28	Paris	F	9	48
Corfu	S	14	57	Perth	F	23	73
Denver†	C	−7	19	Prague	C	0	32
Dublin	R	4	39	Rykjvk.	S	−3	27
Dbrvnk.	C	11	52	Rhodes	S	15	59
Ednbgh.	R	4	39	Rio J'o†		—	—
Faro	F	16	61	Rome	C	14	57
Florence	T	10	50	Salzb'rg	C	7	45
Frankf't	C	1	34	S'cisco†	C	12	54
Funchal	F	19	66	S. M'ritz		—	—
Geneva	C	5	41	Singapr.		—	—
Gibrltr.	F	17	63	S'tiago†		—	—
Glasg'w	C	3	37	Stckhm.	Sn	−5	23
G'msey	S	9	48	Strasb'g	C	3	37
Helsinki	Sn	−3	27	Sydney	C	24	75
H. Kong	C	21	70	Tangier	C	17	63
Innsbr'k	F	6	43	Tel Aviv	F	18	64
Invrnss.	Sn	0	32	Tenerife	F	22	72
I.o.Man	R	5	41	Tokyo	S	16	61
Istanbul	S	11	52	Tor'nto†	C	−2	28
Jersey	S	9	48	Tunis	S	19	66
Jo'burg		—	—	Valencia	F	13	55
L. Plms.	F	21	70	Venice	R	7	45
Lisbon	F	11	52	Vienna	C	3	37
Locarno	Sn	0	32	Warsaw	C	1	34
London	R	5	41	Zurich	F	5	41

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures

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